# Daily Report

# Latin America

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# Daily Report
## Latin America

*FBIS-LAT-94-193* *5 October 1994*

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**NOTICE TO READERS:** Effective 1 October, the processing indicators appearing in brackets at the start of each item in this publication have been changed. All new indicators begin with "FBIS" to make the material more easily identifiable. Some also indicate whether the item has been translated from the vernacular or transcribed from English.

An Ω indicates a Foreign Media Note.

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## Andean Group, EU Agree To Increase Talks

*PA0410225794 Quito Voz de los Andes in Spanish 2300 GMT 30 Sep 94*

[From "The Voz Andes Newscast"]

[FBIS Translated Text] The Andean Group and the European Union have agreed to increase the number of talks and the existing procedures for consultation in order to reinforce relations between the two regions and to provide a better environment for future trade mechanisms.

Following more than eight hours of negotiations, the delegations signed the final document, which consists of six points, expressing, among other aspects, that the three pillars of every sustainable development process are democracy, a market economy, and social solidarity and justice. They agreed to emphasize their mutual desire to implement a multilateral system within the framework of international guidelines for the essential complementary role of having access to the EU.

The significance of investments and technological exchange were highlighted as key elements to increase trade, focusing on the efforts the Customs Union [Union Aduanera] is making to establish information centers to explain these opportunities to the subregion, beginning with the role played by the organizations dubbed Eurocenters. The joint commission also decided, among others points, to overcome the current information problems; to strengthen epidemiologic observation along the Andean borders; to merge the trade and industries subcommissions; to broaden talks; to intensify relations between the technical organizations of the two groups; and to speed up integration.

Meanwhile, the Andean Group members considered the implementation of several mechanisms to broaden trade relations with the EU, thereby enabling them to successfully confront the internationalization of the economy in the next decade. Within the framework of the 3d Joint Andean-European Meeting, which just ended in Quito, the representatives of the Latin American subregional group foresaw the communities' desire to readdress the current trade policies. Bolivia, Colombia, Ecuador, Peru, and Venezuela agreed on the importance of eliminating the existing trade barriers prevailing at the EU in order to broaden the multilateral relations among these countries. Meanwhile, the EU limited itself to saying it trusts the members of the Andean Group, after it had previously recognized the existing trade limitations and problems faced by Latin American products.

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## Cuba

### GRANMA: Legislators Must Play Stronger Role

*PA0410181094 Havana PRENSA LATINA in Spanish 1426 GMT 4 Oct 94*

[FBIS Translated Text] Havana, 4 Oct (PL)—The role of Cuban parliamentarians "vis-a-vis the national situation does not have the strength it should and could have," a GRANMA commentary stated today after emphasizing the need to continue perfecting the system of people's power.

Reflecting on the responsibilities of the deputies in the National Assembly of the People's Government [ANPP] (parliament), the daily points out that "Cuban parliamentarians are not professionals and voluntarily assume other tasks in addition to their traditional duties and without expecting any remuneration or material reward."

The commentary explains that a large majority of the deputies are members of the permanent commissions of the ANPP. These permanent commissions are responsible for implementing a vast plan of tasks, including legislative initiatives and the analysis of various national problems.

Their participation in those plans—it adds—is one of the parliamentarians' most active functions, and it keeps them in touch with the problems affecting the population and in direct contact with their supporters in the places where they were elected.

The ANPP holds regular meetings twice a year, but it can be convened to special sessions. Its 10 commissions, however, work on a permanent basis.

According to the article, plenary session discussions of bills are only the culmination of a long previous study, analysis, and consultation that involves the views of deputies and thousands of specialists, people, groups, and organizations linked directly or indirectly to the issue under debate.

It also says that activities outside ANPP meetings cannot be described as satisfactory at a time when they are not enough and their results are not entirely acceptable.

The role the deputies are expected to fulfill and represent vis-a-vis the national situation does not—at least not yet—have the strength it should and could have, the commentary published by the official mouthpiece of the Communist Party of Cuba affirms.

Finally, the commentary discussed the need to continue perfecting every day the system of people's power, "which regardless of its defects, remains the world's most democratic system."

### Robaina Meets U.S. Businessmen 3 Oct

*FL0410163794 Havana Radio Rebelde Network in Spanish 1700 GMT 3 Oct 94*

[Report by Froilan Arencibia, from New York; from the "National Radio News"]

[FBIS Translated Text] The Cuban delegation was very busy this morning: The delegation met the United States-Cuba Trade Council, an advisory body of U.S. businessmen, very early this morning on Cuba's foreign investment laws.

Cuban Foreign Minister Roberto Robaina continued meeting foreign ministers: Following his meeting with Colombian Foreign Minister Rodrigo Pardo, Pardo told television and radio correspondents that Colombia opposes the U.S. blockade of Cuba. Robaina also met Guatemalan Foreign Minister Gladys Maritza Ruiz Sanchez and Paraguayan Foreign Minister Luis Maria Ramirez.

### U.S. Citizens Defy Travel Ban To Pay Visit

*FL0310202494 Havana Radio Rebelde Network in Spanish 1700 GMT 3 Oct 94*

[Report by Zenaida Costales; from the "National Radio News"]

[FBIS Translated Text] Approximately 70 Americans disregarded the travel restrictions announced by President William Clinton on 26 August and, claiming their constitutional right to travel, are now in Cuba. Pau Montanaro, coordinater of the Freedom to Travel campaign, comments on the issue at a news conference held at the international news center:

[Begin Montanaro recording, in English with simultaneous translation into Spanish] For the most part, we feel we have a right to be friends with the Cuban people, and as citizens of a country that prides itself on being a model of democracy, we have an inalienable constitutional right to travel the world and get to know other people and societies for ourselves, especially people and societies that have some kind of problematic relationship with the United States. We feel we have not only a right, but a responsibility to make such trips. [end recording]

Luis Martin, one of the ten Cuban Americans in the group, has not been to Cuba for 34 years.

[Begin Martin recording] I believe we Cubans are the only people in the world who are subjected to a law that prohibits us from visiting our family and our country. This is very unfair and very sad. I believe this is an abuse by President Clinton, and as we said in an earlier meeting, it is an act of desperation on his part. We Cubans, Americans, and Mexicans must join forces in the United States to end this prohibition on travel. [end recording]

During 1994, more that 500 Americans came to Cuba with this Freedom to Travel campaign. This is the third defiance flight, with three more planned before December.

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### Commentary Describes Security Council Role, Risks

*FL0510023694 Havana Radio Rebelde Network in Spanish 1155 GMT 3 Oct 94*

["Our Opinion" Commentary by Eduardo Dimas; from the "Doing Radio" program]

[FBIS Translated Text] As expected, the 49th session of the UN General Assembly is under way without spectacular circumstances. The heads of state and government or their representatives have voiced their views on the international situation, the new world being defined before our eyes—more unfair than the previous one—and their countries' stance in view of present and future challenges.

With the expected exceptions, the topic of the U.S. blockade against Cuba was constantly addressed by the Latin American delegates, as well as the need to find a negotiated solution to the predicament that has already lasted 35 years.

The U.S. invasion of Haiti, which took place against the opinion and will of the majority of Latin American governments, was also criticized. The development of the Third World, more poor and backward than ever, was another recurrent topic.

However, the issue that has most motivated speakers concerns the principles governing international relations, which have systematically been violated by the Security Council, currently controlled exclusively by the United States and its allies.

It is symptomatic for governments with close ties to the U.S. Government to question the external policy of the United States, self-proclaimed international peacekeeper, despite U.S. denial. It is also symptomatic for those governments to be alert to the dangers to Third World Nations implicit in that position, particularly to Latin America. The speeches of Brazil, Honduras, Uruguay, Mexico, and Colombia are a good indication.

The recurrence of an issue never addressed before reflects, in my opinion, the acknowledgement of a threat that is in fact already a reality: Global economy infallibly leads to the creation of a global government, the embryo of which is the Security Council, under the patronage of the United States. Furthermore, the economic abyss separating the developed world from the majority underdeveloped world, contributes to domination of the latter, not only in economic matters, but in political matters as well. This new world under creation already has examples, such as Somalia, Rwanda, and more recently, Haiti, in some cases humanitarian interventions, at other times to restore democracy, but interventions nevertheless.

Many government leaders are asking themselves today how much of their sovereignty and independence they are going to be able to maintain in this world, which is becoming more unipolar. Therefore, criticisms regarding the wrongful use of the Security Council, and the set of rules and principles governing international relations reflects fear for a future that is coming at any rate upon us: a post-industrial and full future for the developed few, and a future of virtual slavery and dependence for us, the underdeveloped.

Perhaps the Third World's unity could stop the arbitrary implementation of the new principles of limited sovereignty, as well as the right to meddle in the domestic affairs of states, which the big powers want to implement. Perhaps the Nonaligned Countries Movement and the Group of 77 could serve as a reference point for that unity, which would be a defense mechanism against the claims of the powerful, and would cause our rights to be respected. I hope it is not too late because without the Third World's unity, we might be subject to new types of slavery in the 21st Century.

### DAAFAR Technicians, Engineers Repair MiG Systems

*FL0410232394 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 4 Oct 94*

[FBIS Translated Text] When the technicians from the former Soviet Union concluded their work in Cuba, they left computer control equipment in three MiG-29's unrepaired. Young Cuban engineers and technicians from the Antiaircraft Defense and Revolutionary Air Force [DAAFAR] repaired this equipment. They also created a new system for repairing these computers: One controls the radar and the other controls navigation and weapons. As a result, nearly $400,000 in foreign currency is being saved and the satisfaction of having our MiG-29's flying with all their systems functioning is achieved.

Many projects have been presented by combatants of the Western DAAFAR Division, especially related to equipment diagnosis, which contributes to saving time and improving the quality of repairs. For example, this equipment checks the lighting gear in the MiG-21 and the MiG-23 and determines if there are any defects. The other locates any difficulties in the fire extinguishing systems of helicopters. They have also created diagnosis techniques for the complex antiaircraft missile systems.

The Western Army highlights the general results of the science and technology forum.

[Begin Colonel Pedro Gil recording] The forum has been aimed at recovering parts, the use of national energy sources, and the construction of devices for... [end recording, in progress]

The objective in the Revolutionary Armed Forces is for the forum to become a part of life and to direct man's intelligence to solving man's problems.

### Agriculture Minister: Markets' Opening 'Satisfactory'

*FL0410163094 Havana Radio Progreso Network in Spanish 1100 GMT 3 Oct 94*

[From the "First Thing" program]

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[FBIS Translated Text] Agriculture Minister Alfredo Jordan Morales described the opening of the 15 farmers markets in Havana as satisfactory and organized. As for various concerns expressed by the people, Jordan said that prices will drop as supply and variety increase.

### Ministry Reports Sales, Tax Figures

*FL0410163394 Havana Radio Progreso Network in Spanish 1100 GMT 4 Oct 94*

[From the "First Thing" program]

[FBIS Translated Text] The Domestic Trade Ministry has announced that the 120 farmers markets which operated on 1 and 2 October sold approximately 14.5 million pesos in goods and that the state accrued approximately 700,000 pesos in taxes.

### Commentary Reports on Farmers Market Problems

*FL0510022194 Havana Radio Rebelde Network in Spanish 2300 GMT 4 Oct 94*

[Commentary by Fernando Davalos; from the "Exclusive" program]

[FBIS Translated Text] Sports specialists and athletes say that beginning is the most difficult thing. After that, impulse and stride reach the goal line. Maybe it is not that simple, but in any case, the farmers markets' beginning has definitely been a hard one. However, there it is; it has happened. The markets are active and that is good for the people. Everyone says so and everyone comments that prices are as high as expected.

Prices are fixed by nothing more than supply and demand; that is the way these markets have been conceived. Those who arrived first at the markets all said the same thing—this price problem is no problem. Everyone will be able to buy what their budget allows—nothing more and nothing less. This is no new invention or unknown activity. The startoff problems are different, if there are any at all.

Some vendors have commented on the cost of transport and having to pay to get their products to market. Others were not able to find the best representative and therefore did not participate, which might explain why in certain places there were very few small farmers. In any case, all of this can be fixed, adjusted, and it can be improved. Therefore, it is not a problem. Little by little we are getting closer to the mark.

I think that if anything is affecting the markets, it is the period in which these markets have gotten under way. Now we are in the beginning of the winter planting season and there are very few products in condition to be collected. However, there is a lot of movement going on. September, October, and November are still months for planting and there are very few crops ready to be collected, proportionately speaking. In any case, there are some products available, but it is logical that these products have prices based on the limited quantity available. When the winter crops, many of which are short-cycle crops, become available, in December and January, that is when the markets will have an avalanche of supplies. Once there is a greater supply, relatively speaking, prices should drop.

This experience is under way, and it is calling for a number of adjustments to take place. These adjustments are needed to develop these markets and turn them into what Cuba needs, an additional source of food and an incentive for production. I will repeat this constantly: What may happen is that this experience may be left to happenstance or improvisation. I know for a fact that this will not happen, but if it did, things would be like in the early 80's when they almost sold zoo elephants at the farmers markets.

Today, because of the way these farmers markets have been created and put into practice, there is no chance for happenstance or improvisation, but we must stay alert and very much aware of their functioning, for the good of us all.

### Commentary Urges People To Share Ownership With Government

*FL0410173094 Havana Radio Rebelde Network in Spanish 1155 GMT 4 Oct 94*

["Our Opinion": Commentary by Ariel Larramendi Villafane; from the "Doing Radio" program]

[FBIS Translated Text] It can be said: When everything belongs to everyone, then nothing belongs to anyone.

Such a principle seems to have applied to property in Cuba; it also seems to have applied to many aspects of social life, giving rise to an individualist attitude. This belongs to the people, a phrase we have often heard, suggests the freedom to consider property owned by the people to be owned by oneself and to decide the fate of that property. For instance: This bus belongs to the people, so I can do whatever I want with it. This is said without considering the fact that the bus also belongs to others or to the somewhat abstract superinstitution that we know as government.

Since we are addressing abstract terms, we could add that the government was seen as a paternal entity that guaranteed our education, health, and social security. The government was there to help solve problems: We did not worry about health care because the government guaranteed it; we did not worry about our salary because the government paid part of it in the event of illness; we did not worry about the future because we would always be guaranteed a job in our overextended economy; we did not worry about settling into old age because the government also guaranteed a pension. We have almost become passive players in many spheres of social life, thus limiting the concept of participative democracy that we sought. The government today cannot and must not be the superpowerful institution that used to undertake

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and solve every problem. Government and society must march shoulder to shoulder if we are to sail through the heavy seas of the special period.

We can stop saying: What does not require effort does not have value.

People do not value what comes without effort. Take the tax system and contributions to social security, which establish reciprocal relations between society and government for everyone's benefit. The question arises: How can Cuba continue allotting 1.6 billion pesos to social security when most of the government enterprises are not profitable, when there are padded payrolls and many undeniable expenses which lead to a chronic budget deficit which destabilizes the economy?

We must share ownership of everything, including our future, with the government. We must give now so that we can receive later. It is as simple as that.

### Commentary Challenges Rumors of Decreasing Tourism

*FL0410234994 Havana Radio Rebelde Network in Spanish 2300 GMT 30 Sep 94*

[Commentary by Fernando Davalos; from the "Exclusive" program]

[FBIS Translated Text] Some observers of the Cuban reality, who pretend to know us even though they have been observing us through the fence, have pointed to a decrease in the number of tourists arriving in Cuba this summer. Others, a minority, are faithful listeners to the enemy broadcasting stations, and like parrots, repeat that fewer visitors are arriving in Cuba. One cannot help but ask where these commentators on Cuban reality get their information, and where the prophetic rebroadcasting transmitters pick up this decline in activity.

Checking numbers on this issue, I have come to the conclusion that the source of information for these inaccurate observations is only their desire to see us fail in this venture, which is certainly progressing more than successfully. Those who say there is less tourism today in Cuba are merely expressing their wish. In the same way that they would like our other efforts to fail, they are able to swear that fewer visitors arrive in Cuba, notwithstanding reality. It is a pity. And it is even more pitiful for the faithful listeners to believe what they say.

Some statistics were recently made public, which dismiss these wrong assessments originated in reactionary Miami circles. The statistics show a 24-percent increase in tourists through the end of September, when compared to the same period of 1993. So far, including our eventful summer, approximately 455,000 tourists have arrived. This is no small number when compared with 544,000 tourists during all of 1993.

Of course, we would have liked more visitors, and Cuba is prepared to receive more tourism; however, what we have accomplished is meaningful, regardless of the anti-Cuba campaigns in the countries sending tourists. The majority of our traditional markets show increases this year, and we have yet to see the outcome of autumn, and the end-of-year high season.

The luxury five-star hotel Melia Las Americas opened in 1994, and the inauguration of the Gaviota Coral recently took place, both in Varadero. Additionally, new hotels have opened in other tourist hubs. The Cuban tourism business, in which several very prestigious international companies participate, has been increasing year by year at an almost 30-percent rate, which is strong and much coveted by other places in the Caribbean and around the world.

Cuba needs tourism because it is an important source of revenue to be used in the purchase of fuel, food, medicine, and for further development of tourism. It is no secret that this pledge requires sacrifices from all; however, austerity has been patriotically and efficiently adopted.

The Cuban people are the gentle hosts to those visiting Cuba, who return awed, not only because of nature, beaches, and fresh air, but also because of the people. Of course, there will always be those who suggest the opposite, and sometimes with anger, because they know how futile it is to pretend to turn their bad dreams and sinful lies into reality, when life itself reflects something different.

### Recovery Phase Declared for Western Provinces

*FL0310001894 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 2 Oct 94*

[FBIS Translated Text] The recovery phase was declared today at noon for the Provinces of Pinar del Rio, Havana, and Havana City, and the special municipalities of the Isle of Youth after having been affected by heavy rains, registered in the western region of the country. According to preliminary reports from the General Staff of the Civil Defense, more than 4,000 people were evacuated from their homes and approximately 7,000 animals were transported to safe areas. The rain affected 1,574 homes, of which 79 were completely destroyed. Damages were also recorded in several economic areas, including the agricultural sector, especially in Pinar del Rio.

In Pinar del Rio, approximately 900 homes have been reported damaged by the heavy rain. Losses in the farming sector are currently being assessed. The yucca and yam harvests had to be accelerated. The agriculture sector now plans to increase the planting of short-cycle crops to overcome the losses caused by weather conditions. Brigades are being formed in the Municipalities of Bahia Honda, La Palma, San Cristobal and Vinales to harvest the 50,000 cans [latas] of coffee beans ready to be harvested. When the rain began on 26 September, the

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Los Palacios Complex had approximately 300 caballerias ready to be harvested. Of this figure, 133 caballerias were flooded. The party leadership in that province has urged people to replace their complaints with a search for solutions that will minimize the effects of the rain. The defense councils are currently supervising recovery efforts.

### Lage, Gomez Chair Education Ministry Assessment Meeting

*FL0110175194 Havana Radio Progreso Network in Spanish 1000 GMT 1 Oct 94*

[From the "First Thing" program]

[FBIS Translated Text] The Education Ministry has held an assessment meeting attended by Carlos Lage, executive secretary of the Council of Ministers. Lage expressed interest in the decrease in the number of teachers and students, its causes, and efforts being made to halt this problem. In this regard, Education Minister Luis Ignacio Gomez reported that over the last five years, more than 30,000 teachers quit their jobs for various reasons, such as poor management, migration to other jobs to improve living conditions, and a lack of incentives, among other reasons.

Carlos Lage stressed that we have to strengthen education workers' welfare programs and increase the social standing of teachers as vital factors in the formation of national and human values in children and youth. In this regard, it was announced that joint incentive plans have been developed by the Education Ministry and Education Workers Union, including reservations at restaurants and cabarets, beach house rentals; shoes will be distributed in October to cover the initial needs of 60 or 70 percent of the education workers.

It was also announced during the Education Ministry assessment meeting that this year, 500,000 students will participate in productive efforts as part of the school-to-field program, and it was reiterated that despite organizational changes in agriculture, the program will continue as a loyal expression of Marti's work-study principle. Likewise, the meeting included an analysis of the optimization program, which in Gomez' opinion is progressing satisfactorily. Gomez stated that the goal of this program is not, as some people think, to reduce the personnel roster, but to increase the quality of education.

Provincial education chiefs, deans of higher teaching institutes, and members of the executive council of the Education Ministry, as well as other officials also discussed the results of the 1993-1994 school year and the beginning of the current school year.

### Aggravated Robbery Crimes Condemned

*FL0410165894 Havana Radio Progreso Network in Spanish 1100 GMT 3 Oct 94*

[Report by Alemai, from the "First Thing" program]

[FBIS Translated Text] Aggravated robbery is one crime the people repudiate and condemn most since it endangers the lives of victims. The only way to confront this crime that incurs bodily harm is to severely curb the perpetrators' social conduct. The Havana police's effectiveness against such criminal acts is illustrated by the cases cited here, which reveal that the outlaws were repeat offenders with previous records and histories of antisocial behavior.

The Public Relations Division of the National Revolutionary Police [PNR] reports that a patrolling officer detained a La Habana Vieja Municipality resident after he tried to steal a bicycle from a Playa Municipality minor. It was discovered during the investigation that the suspect had committed two similar crimes, in which he threatened and injured the victims as he was stealing their bicycles. The accused was identified by the victims and is now in temporary detention for repeat aggravated robbery.

It is also important to point out that there are still criminals on the streets who threaten public peace and security with their criminal actions. An example of this is a case that occurred in La Lisa Municipality, where a citizen was attacked and injured by two offenders in an attempted robbery. The victim notified police, who were able to apprehend the two criminals quickly thanks to the description given by the victim. The criminals were carrying knives and had the stolen items in their possession, which the police returned to the victim. The two suspects, who have long criminal records, are being held in temporary custody and will soon appear in court on charges of aggravated robbery.

Finally, the PNR reported that Michael Herrera Bodes, a La Habana del Este Municipality resident, is in custody at the provincial police operations center of Havana for aggravated robberies. Any of his victims can file a complaint at the aforementioned operations center, located at 100th and Aldabo Streets, in Boyeros Municipality.

### Fidel Castro Attends Concert Hall Inauguration

*FL0510023894 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 5 Oct 94*

[FBIS Translated Text] At this moment, Commander in Chief Fidel Castro is attending the inauguration of the concert hall that opens its doors today at the old Basilica of San Francisco de Asis in La Habana Vieja. This activity commemorates the 280th anniversary of the foundation of the Basilica of San Francisco de Asis and the conclusion of a careful restoration process of the building.

## Dominican Republic

### Former Haitian Police Chief Granted Asylum

*PA0410201494 Madrid EFE in Spanish 1855 GMT 4 Sep 94*

[FBIS Translated Text] Santo Domingo, 4 Oct (EFE)—Joseph Michel Francois, former chief of the Haitian

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Metropolitan Police, entered the Dominican Republic today after President Joaquin Balaguer granted him political asylum.

Francois entered Dominican territory accompanied by his wife, his brother Evans, and some civilian and military supporters.

On entering the Dominican Republic, Francois and those accompanying him were investigated by state security organizations.

Francois arrived in Dominican territory in a station wagon escorted by two vehicles of the National Department of Investigations (DNI).

Francois entered the border region known as "no man's land" last night and remained there until Balaguer authorized him to enter the country today.

The granting of asylum to Francois and his wife allows the couple to reunite with their children, who entered the Dominican Republic on 16 September.

## Haiti

### Francois Issues Letter of Resignation

*FL0410181194 Port-au-Prince Signal FM Radio in French 1355 GMT 4 Oct 94*

[Letter of resignation from Lieutenant Colonel Joseph Michel Francois, Port-au-Prince police chief, to Lieutenant General Raoul Cedras, commander in chief of the Haitian Armed Forces, issued in Port-au-Prince on 4 October—read by announcer]

[FBIS Translated Text] Mr. Commander in Chief,

Respectful of the military hierarchy, I never participated in various negotiations during which my future as a regular officer was notably being discussed. Thus, I trusted the institution and its chiefs, believing that I was working to safeguard national integrity, in general, and the Army, in particular. I did not have to juggle with the fate of the country or that of the men under my command or with my reputation as a frank and straightforward man. I am proud of that. I still believe that numerous Haitian leaders intentionally did not want to spare the Haitian men and women this leap into the unknown.

When I was commissioned as an officer, I swore to defend our country against all its enemies. It was a commitment in favor of the homeland and not an option for a political career, even less a policy which should end up with the occupation of the territory by foreign forces. This is why throughout the crisis I tried to stress viewpoints which, in my opinion, could have warded off this infamous peril that we saw coming. However, my modest rank harmed my arguments no matter how reasonable they were. I firmly believed that the Army leaders were dutybound to look first and foremost after the superior interests of the country, in general, those of the officers, soldiers, and all honest citizens who supported the 30 September ideal, which has unfortunately been corrupted. Alas! It is advisable to admit that in this respect history will have much for which to reproach our generation. On the other hand, it will have to remember that in the face of the threats of invasion, thousands of men and women of all social strata, including civilians and military, were ready to give their lives to defend the territory.

Being a man concerned with his duty, I know that today my place is more than ever beside those worthy and courageous people who gave one more reason to be proud of my country. But between dishonor and withdrawal, I have chosen withdrawal, hoping that it will serve the cause of peace and of the entire Haitian people.

I now urge you, Mr. Commander in Chief, under Article 4-33 of the general regulations of the Haitian Armed Forces [FADH] to accept my resignation from the FADH and my cordial salutations.

[signed] FADH Lieutenant Colonel Joseph Michel Francois, commander of the Military Department of the Metropolitan Area

### U.S. Spokesman: Francois Departure 'Important Step'

*FL0410155994 Port-au-Prince Signal FM Radio in French 1420 GMT 4 Oct 94*

[FBIS Translated Text] Stanley Schrager, U.S. Embassy spokesman, reported on 4 October that [Lieutenant] Colonel Joseph Michel Francois, Port-au-Prince police chief, is being held up on the Dominican side of the border in his attempt to leave Haiti. Schrager pointed out that the colonel's departure is an important step toward the peaceful transition to democracy in Haiti. He said that Dominican authorities are allegedly holding the colonel up over pass problems.

### FRAPH Leader Offers 'Support' to Aristide

*PA0410221794 Paris AFP in Spanish 2021 GMT 4 Oct 94*

[All quotation marks as received]

[FBIS Translated Text] Port-au-Prince, 4 Oct (AFP)—Emmanuel Constant, secretary general of the Revolutionary Front for the Promotion and Progress of Haiti (FRAPH, a paramilitary organization that supports the military regime), today offered the group's "support" for President Jean-Bertrand Aristide once he returns to Haiti, saying this would be done within the framework of "constructive opposition."

Constant held a news conference that was organized after U.S. troops conducted several operations against FRAPH.

"The sole solution" to the Haitian crisis "is Aristide's return. That is a fact," Constant stated during the news conference outside the presidential palace. The surreal

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scene was highlighted by the fact that Constant spoke under the protection of U.S. military police. A crowd of onlookers very hostile to the FRAPH leader was also present and smashed one of his car windows as he drove away.

The news conference was announced in a very sarcastic manner by U.S. Embassy spokesman Stanley Schrager, whom Constant had accused in an AFP interview on Saturday of trying to destabilize the country.

Constant's remarks came 24 hours after the U.S. military mounted several operations against FRAPH. During the operations, U.S. soldiers raided FRAPH headquarters in Port-au-Prince and arrested 35 people. Constant described the operation as "an idiotic incident."

"No more violence," he said, noting that this was the time for all of us... to pave the way in a concrete manner for the transition of power from here to 15 October and beyond." That is the deadline the top leaders of the military regime have to resign. One of them, Colonel Joseph Michel Francois, the Port-au-Prince chief of police, escaped Monday night to Santo Domingo.

Constant also called on FRAPH members to remain peacefully active and participate... in the democratic process in a constructive opposition and promised he would work as a member of a loyal opposition."

The FRAPH leader denied a "deal" had been struck with the United States and noted that one of his objectives was "to have no more repeats of (Monday's) incident."

### Aristide Supporters Set Fire to FRAPH Office

*FL0410185894 Port-au-Prince Radio Metropole in French 1045 GMT 4 Oct 94*

[FBIS Translated Excerpt] The spectacular raid that heavily armed U.S. troops made on Revolutionary Front for the Promotion and Progress of Haiti [FRAPH] offices on Champ-de-Mars Street on 3 October tops today's news. U.S. soldiers arrested about 30 people and seized 20 pistols and 10 automatic and semiautomatic weapons. Those hostile toward the organization entered the building and destroyed furniture following the operation. [passage omitted]

Demonstrators ransacked another FRAPH building, this one located in Carrefour. Jean-Max Blanc reports:

[Begin Blanc recording, in Creole] President Jean-Bertrand Aristide's supporters in Carrefour staged one of the largest demonstrations ever on 3 October, after U.S. soldiers searched the area branch of the neo-Duvalierist FRAPH. Carrefour residents staged the demonstration right after setting fire to the neo-Duvalierist party's building. The residents set the FRAPH building on fire in an effort to stop the stealing, raping, and killing in the country. [passage omitted]

A crowd gathered on Champ-de-Mars Street shortly before the Carrefour demonstration to watch U.S. soldiers search FRAPH headquarters and the premises of Celeste FM Radio, right next door. Yves Bergeron, one of the people who runs Celeste FM, said that Celeste FM will now explore new horizons since the station will no longer work under the threat of automatic weapons and grenades. [passage omitted]

U.S. soldiers arrested at least 40 men and women—both military and civilian—during the raids on the two FRAPH buildings on 3 October. This is the first time that Jean-Bertrand Aristide's supporters have held a demonstration which did not end in violence involving stones, sticks, or grenades since U.S. troops landed in Haiti on 19 September. [end recording]

### Armed Forces Condemn U.S. Soldiers' Behavior

*FL0410162594 Port-au-Prince Signal FM Radio in French 1030 GMT 4 Oct 94*

[FBIS Translated Text] The Haitian Armed Forces [FADH] has issued a press release on the behavior of U.S. forces in relation to events in Port-au-Prince over the last 48 hours. The Haitian military high command condemns the U.S. soldiers' behavior and hopes that the U.S command will live up to its assurances and guarantees.

The U.S. General Staff explained during a meeting with the Haitian General Staff high command that the events were the result of a lack of coordination among the units, overzealousness, and the insubordination of some officers who acted without orders and without the knowledge of their seniors in rank in the aforesaid cases.

The FADH General Headquarters press release cites a Firefighters Corps officer as saying that a U.S. unit denied him access to his post even after he had identified himself. U.S. forces questioned and manhandled two uniformed military doctors. A patrol of three motorized units burst into the Narcotics Office, demanding the drugs that had been seized and stored. Members of a Haitian patrol led by an officer sent to help a policeman in difficult circumstances were arrested, humiliated, and mauled. The victims' testimony indicates that the offenses were committed by U.S. soldiers of Haitian extraction in almost every case.

### U.S. Troops Arrest 75 in Grande Riviere du Nord

*FL0410201694 Port-au-Prince Radio Metropole in French 1600 GMT 4 Oct 94*

[FBIS Translated Text] About 75 members of the Haitian Army were arrested yesterday morning by the U.S. military in Grande Riviere du Nord. The Haitian military, who had abandoned their garrison in the Northern region several days ago, gathered at the barracks in this region. The U.S. troops surrounded the building before arresting and handcuffing the Haitian military, who were in civilian clothes and apparently unarmed. These military included a captain, several lieutenants, noncommissioned officers, and privates.

Weapons and a few grenades were seized by U.S. soldiers at the residence of one of the officers. The 75 Haitian

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military were then taken to Cap-Haitien where they were detained at the city's airport, which is under the control of U.S. troops.

### Senate Urges Preparations for Aristide Return

*PA0510033394 Paris AFP in Spanish 0235 GMT 5 Oct 94*

[FBIS Translated Text] Port-au-Prince, 4 Oct (AFP)—The Haitian Senate today approved a resolution that states Emile Jonaissant's government (not recognized by the international community) "is unqualified to exercise the duties of the executive branch."

In the same resolution, the Haitian legislature's upper chamber asks Prime Minister Robert Malval's resigning government to resume state functions, take charge of current issues, and prepare for the return of constitutional President Jean-Bertrand Aristide "as soon as possible."

The text of the resolution goes on to describe the 11 May installation of repudiated President Emile Jonaissant, who at that time was elected by votes from illegitimate senators, "as an act of provocation that endangered national sovereignty."

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### Deputy Denies Murder Charges, Accuses Another

*PA0410143094 Mexico City XEW Television Network in Spanish 0430 GMT 4 Oct 94*

[From the "24 Hours" newscast]

[FBIS Translated Text] The Chamber of Deputies General Social Coordinating Office issued a bulletin tonight, the text of which reads as follows:

A person who identified himself as Deputy Manuel Munoz Rocha left a telephone message at the Chamber of Deputies this morning. Munoz Rocha said he is willing to request a leave of absence from his post as a federal deputy and to respond to the judicial authorities regarding the accusations against him.

Munoz Rocha also noted that he has proof, which he is willing to submit, that Abraham Rubio Canales masterminded the slaying of Jose Francisco Ruiz Massieu. He added that he has not come forward to make his statement because he fears for his life,.

The Chamber of Deputies believes the best way to guarantee Munoz Rocha's security as well as to clarify the extent of his participation in the slaying of Ruiz Massieu is for Munoz Rocha to surrender to the appropriate authorities. The Chamber of Deputies also expressed its willingness to help achieve this goal.

### Photographer Linked to Ruiz Murder Arrested

*PA0510043794 Mexico City Radio ACIR Network in Spanish 0000 GMT 4 Oct 94*

[From the "Evening News Panorama" broadcast]

[FBIS Translated Text] News photographer Irving Anthony Dorrego who has worked for state-owned radio, television, and film services was jailed at Southside Prison today as an accomplice to murder on charges of complicity and criminal conspiracy in connection with the assassination of PRI [Institutional Revolutionary Party] Secretary General Jose Francisco Ruiz Massieu.

Irvin Dorrego, 47, has 18 years experience as a professional television cameraman and had been assigned to the Production and Information Programs Center, CEPROPI, of the now defunct Imevision. Irvin Dorrego covered a variety of news events.

The 11th District Penal Court, headquartered at the Southside Prison, also requested that the General Attorney's Office move to have Deputy Manuel Munoz Rocha's immunity withdrawn.

### EZLN Blames Government for Ruiz Murder

*PA0510043894 Mexico City LA JORNADA in Spanish 3 Oct 94 p 20*

["Communique" issued by the Clandestine Indian Revolutionary Committee-General Command of the EZLN; from "the mountains of southeastern Mexico" on 29 September]

[FBIS Translated Text] 29 September 1994

To the Mexican people:

To the peoples and governments of the world:

To the national and international press:

Brothers:

The Clandestine Indian Revolutionary Committee-General Command [CCRI-CG] of the Zapatist National Liberation Army [EZLN] declares the following:

1. We have learned through the radio of another political crime that tarnishes our history. The victim this time was Mr. Ruiz Massieu, secretary general of the Institutional Revolutionary Party.

2. The group in power has again shown its inability to resolve its internal differences through dialogue and has again resorted to political murder. All of the lies about an allegedly clean electoral process and a vote for peace are exposed by this crime.

3. Mr. Salinas de Gortari has once more shown his inability to govern. He himself is principally responsible for the political murders that already are a feature of the current regime. The government, whose hands are stained with the blood of Mexicans from all social strata, should resign.

Freedom! Justice! Democracy!

Respectfully,

From the mountains of southeastern Mexico

CCRI-CG of the EZLN

Mexico, September 1994

### Army Views Presidential Security Corps as Failure

*PA0510024794 Mexico City EL FINANCIERO in Spanish 28 Sep 94 pp 52, 53*

[Article by Ignacio Rodriguez Reyna: "The Hour of the Generals: The 'Imperial Court' Under Attack by the Army"]

[FBIS Translated Text] When Mario Aburto Martinez pulled the trigger of the Taurus .38 special, he did it without knowing that the bullet would not only end Luis Donaldo Colosio's life but would eliminate the raison d'etre of the Presidential Staff (EMP).

The countdown for an elite body created by Lazaro Cardenas in 1937—a body that for the past two decades has had rather unlimited jurisdiction and is little known in the history of the country—began that 23 March.

It will never be the same. The "Imperial Court," as the career military officers scornfully call this security corps, has already shown how fallible it is and is currently under fire by the Army.

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The EMP was designed to be an infallible corps responsible for protecting the life and personal safety of the person under its care. This body failed in Lomas Taurinas.

In military terms, the carelessness, negligence, and oversight of the EMP members, led by Brigadier General Domiro Garcia Reyes, are unforgivable. "There is no excuse whatsoever; it failed. It deserves to be punished by the Army. Domiro should be in big trouble. It was a failed mission. Period. But the Imperial Army does not understand this. Actually, they are not even military officers," an Armed Forces member said.

"Do you want proof that they are not military members? Instead of being punished, Domiro has been protected. Where else in the world do you see this?" the military member added.

A specialist compared the EMP to the Praetorian Guard of the Roman Empire and recalled that, in the end, these guards were responsible for assassinating the emperor. "We already have our first assassinated Caesar in Mexico."

Circles close to the Mexican Army are aware of the contempt that military officers feel for the members of the EMP. "We have the same training, but later we have different missions: ours is to serve; theirs is to reap benefits," a division general explained.

Luis Donaldo Colosio's assassination gave the military leadership and its class the opportunity to speak out loudly about the improprieties of having an EMP. The failure of the security corps that was presumably protecting the PRI [Institutional Revolutionary Party] presidential candidate has given rise to a long and patiently restrained settling of accounts.

It is true that high-ranking and mid-level officers have spoken without consideration and with an openness restricted only by the still insurmountable military command: Thou shall not speak about or discuss Army matters with civilians. Thus, the officers request anonymity.

"The EMP has proven its inefficiency. Why do we keep them? Actually, the Colosio case was a coup d'etat," a young Air Force lieutenant colonel pointed out. According to him and other military officers questioned, now is the time for the EMP to disappear as such. "It has no duties. To be blunt, it must vanish from the face of the earth."

In its place, a civilian-controlled organization in which the military sector could participate—without meaning that it belongs to a divine caste—has been proposed.

Many military attaches' offices of the diplomatic corps accredited in the country also evaluated the circumstances under which the assassination took place and the role played by the EMP. A U.S. military source commented that "this incident proves that the EMP is obsolete. Not only was it incapable of protecting Colosio, but it is also running the risk of not being able to protect the president."

He concurred with several of his Mexican colleagues: Civilians must be in charge of these duties, as is the case with the U.S. Secret Service and similar organizations in other countries.

**The EMP: "Pampered Military Officers"**

The resentment shown by the military sector against the EMP members is proportional to the power this group was able to amass as the years passed.

An officer has said: "They are used to luxury, the good life, the tinsel. When have they had to spend time in the mountain range? When have they suffered privation and walked with the troops for two days? They earn good salaries and are well trained, though."

This is how a brigadier general defines them: "They are mere aides to politicians; they are aides-de-camp, luxury valets, pampered military officers."

To be honest, the EMP members are part of a body which, as far as organizational structure is concerned, has nothing to do with the National Defense Secretariat. They are not subordinate to the defense secretary, nor do they carry out orders from anybody but the president, but they have military officers' ranks and privileges.

In addition to the opulence in which the EMP members live, they enjoy the benefits granted by their closeness to the political sphere. This is clearly evident by the quick manner in which the EMP leadership goes from rank to rank. "They are lieutenant colonels at the beginning of the six-year presidential term, but they are brigadier generals by the end of the term," reproach the military ranks. For instance, when Domiro Garcia Reyes was coordinator of the advisers to the EMP chief in 1989, he was a colonel; he was promoted to brigadier general three years later when he was the EMP deputy chief.

The Army argues this situation is totally unfair. "At least five years should have elapsed prior to being promoted. Had it not been for the Colosio case, he would have been a major general within two to three years, again saving himself a few years."

These aspects are not the only ones being questioned about the EMP; even their military capability is questioned. The Chiapas Zapatist uprising gave the detractors of the EMP more reasons to criticize that body. For instance, people are saying Division General Miguel Angel Godinez could not act properly as the conflict began, because "he does not know much about military issues." He is ridiculed by saying: "He does know about politics, though."

It is also being said an Air Force colonel, a senior EMP member, was deployed to Chiapas on a mission. He did

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not remain there for long, because the military leadership relieved him due to the mistakes he was making. An Air Force officer has attested: "The worse part is that the EMP sent him back to us. For what? He is a good pilot, but he has experience only as a chauffeur for the president. He knows nothing about operations."

**The Dynasty of Godinez Bravo**

The EMP was a rather unimportant body until Luis Echeverria started his presidential term, when Gen. Jesus Gutierrez Castaneda began creating a vast organization charged with protecting the president.

According to Guillermo Gardune, one of the few Mexicans to study the Army closely, that organization was justified due to the risks of having guerrillas at the time and due to the president's many public appearances.

Following that presidential term, the EMP began acquiring its current profile, however. The hand that orchestrates and handles everything is that of Gen. Miguel Angel Godinez, who was the second man on board during Gutierrez's tenure.

It is then when the "Godinez stamp," which still prevails today, was imposed. Once Lazaro Portillo appointed him EMP chief, he removed all the people who could outperform him. "He sent Castaneda (his former boss) to Canada and then to Algeria," Garduno explained.

It is here, in 1976, when Godinez's group began controlling the EMP helm. He made Gen. Carlos Bermudez Davila (EMP chief during the term of Miguel De La Madrid); Gen. Arturo Carmona Marino (EMP chief during the term of Carlos Salinas de Gortari); Gen. Domiro Garcia Reyes (he was the sure bet until 23 March for EMP chief if Colosio had won the elections); and Gen. Roberto Miranda Sanchez (most likely EMP chief when Ernesto Zedillo takes office).

There should be no doubt that: Bermudez was Godinez' second man at the EMP from 1976 to 1982; Cardona was Godinez's private secretary from 1979 to 1982; Domiro Garcia supervised Godinez' aides (1976-1978) and was Godinez' assistant secretary (1981-1982). Garcia was also the son-in-law of Gen. Casiano Bello, a former EMP member as well. Finally, Miranda could become the second generation of the group: He worked for Bermudez and Cardona, for whom he supervised and coordinated his aides until he became Garcia's replacement.

Experts believe this influential group could have witnessed the arrival of Godinez to the Sedena offices in Lomas de Sotelo as Sedena head had Colosio not been assassinated.

This situation could have triggered major tension between the Army and the EMP, because it would have been the first time in the history of the Armed Forces that their chief had not come out of the formal military organization.

There are opposing positions within the Army on what to do with the EMP: Some people advocate its demise, while others advocate its reorganization. The civilian sector favors an urgent and deep purging. "The president cannot keep a group that has ruled for three perhaps four presidential terms; he must replace it and conduct a major purging," Gorduno has said.

Even if the EMP is not eliminated, reorganized, or purged, the "divine caste" will no longer be able to work in the same manner again. Lomas Taurinas was its Waterloo.

## Aspects of PRI Power Evaluated

*94CA0188A Mexico City REFORMA in Spanish 1 Sep 94 p 7*

[Commentary by Lorenzo Meyer, Colegio de Mexico historian and international relations specialist: "The Postmodern Party of the State"]

[FBIS Translated Text] Mexico has contributed very little to political theory. All of our major formal political terms and principles (democracy, federalism, liberalism, presidentialism, etc.) come from elsewhere. And the same goes for most of the terms that apply to our actual politics (which is very different from our politics under the law): caudillo power, cacique power, authoritarianism, patrimonialism, or patronage. The fact is that Mexico's contribution to political theory is a footnote and nothing to be proud of. The "mordida" [bribe], the "tapado" [as yet unrevealed official candidate], and "dedazo" [hand-picking of candidates] are conspicuous examples of Mexican terms that have been incorporated into the world political dictionary. In recent times, however, two practical innovations that have arisen here could well lead to theoretical considerations that will go beyond our borders: the postmodern guerrilla force and the postmodern party of the state.

Indeed, it was here and now that the postmodern guerrilla force, the Chiapas guerrillas, was born in theory and practice. An indigenous but neither racist nor xenophobic guerrilla force, radical but flexible and free of Cold War ideologies; a guerrilla force that seeks not to take power but rather to help modify it, that holds a national convention out in the open and that also takes part in national elections, that subordinates itself to peaceful organizations of civil society, and lastly that asks to be rendered obsolete by nonviolent political action. Now then, to this innovation we must add another: the postmodern party of the state, which was born on 21 August.

On 21 August, in the wake of elections that were marked by a high turnout and were relatively well monitored by Mexicans and foreigners, PRI once again won the presidency and a majority in Congress. The party of the state that was born in 1929 in response to an emergency within a closed government circle that still reeked of

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gunpowder (the assassination of General Alvaro Obregon, the president-elect and last great caudillo of the Mexican Revolution), won its 12th consecutive presidential election and is preparing to continue governing until at least the year 2000, thus extending what is already a world record this century for political control over a society by one party. But since the revolutionary elite that shaped the PNR [National Revolutionary Party]-PRM [Party of the Mexican Revolution]-PRI took power in early 1917, the uninterrupted transmission of power within the same circle will celebrate its 83d anniversary by the time Ernesto Zedillo's presidential term concludes!

What is truly extraordinary about this phenomenon, what lends it a postmodern character, is the fact that the new stage of this prolonged monopoly on power is unfolding in a manner and in an environment that are altogether different from the original ones. When PRI was born, democracy was on the decline, but today it has made a comeback and is on the rise. And it is precisely this change in the nature of the international political environment and Mexican society itself that has forced the people who control PRI to exercise their power in a new way that could hardly be imagined by its creator, General Plutarco Elias Calles, much less by the European leaders who invented parties of the state. The creators of the authoritarian and totalitarian systems that arose during the first half of this century that is drawing to an end demanded and obtained the complete subordination of their respective societies.

Clearly, Lenin, Mussolini, Hitler, Calles, Franco, or Mao could not have imagined that power acquired by force and used to shape and sustain their respective parties of the state could be preserved under altogether different conditions such as the ones prevailing in Mexico today: with opposition parties that have been battered but have survived, with competitive and relatively well monitored elections, and even more strikingly, with electoral results very far removed from the Soviet Union's 99 percent or even from Jose Lopez-Portillo's 92 percent. What is more, the postmodern party of the state no longer even claims its dubious 50 percent plus, as Carlos Salinas did, but rather has had to settle for just 48.7 percent of the total vote!

Now then, it is an indisputable, glaring fact that in spite of its 48.7 percent, PRI remains a party of the state. To begin with, there is its money. Last week the PRD [Party of the Democratic Revolution] said that it spent just 12 million new pesos on its entire presidential campaign. The contrast with PRI is extraordinary. According to an estimate by Adip Sabag based on direct monitoring by the Mexican Public Opinion Institute, the total cost of PRI's presidential campaign was $1.25 billion, which at the current exchange rate comes to 4.25 billion new pesos (the legal ceiling is 922 million). Most of this huge sum (3.23 billion new pesos) was contributed by the domestic and foreign private sector (the people who were invited to the $25 million a head dinner in February 1993?), while just 1.02 billion new pesos came from the state (EL FINANCIERO, 24 August). Based on these data, each vote for the PRD cost 2 pesos and 3 centavos, whereas a PRI vote cost 245 pesos and 9 centavos. Although PRI is three times stronger than the PRD at the polls, it is 121 times stronger financially. Such an enormous gap between a normal party and a party of the state is typical.

The astronomical disparity in funding between the party of the state and the opposition could explain the enormous difference between the parties in their use of the mass media, but only PRI's nature as a party of the state can explain the bias of the media. The case of Enrique Quintana illustrates my point. For two and a half years until late August, Quintana was the host of the daily news program ENFOQUE, a quick-moving and impartial show that airs from six to nine in the morning on Stereo Cien. Well, the owner of the radio station, Edilberto Huesca, became annoyed at him because he had taken phone calls from listeners who criticized the 21 August election and had also interviewed Eduardo Valle, a former official with the Office of the Attorney General of the Republic, whose remarks linked the secretary of communications and transportation to drug trafficking. There was a powerful reason for Huesca's annoyance over the liberties that Enrique Quintana took, which are altogether normal in a democratic country but run counter to the authoritarian political directives that the National Chamber of the Radio and Television Industry issued on 22 August (LA JORNADA, 27 August): fear that the Communications Secretariat (STC) would revoke the station's license. Under the rule of law, the STC could not take such arbitrary action against a station, but in a system with a party of the state it could.

The case of Enrique Quintana is not an isolated one. Some weeks before, Ruben Gonzalez Luengas, another radio newscaster, was encouraged to resign. The same thing had happened before, and at the same station (Radio Mil), to Miguel Angel Granados Chapa, who had to resign in October 1993 for not complying with the wishes of Patrocinio Gonzalez Garrido's Interior Secretariat. And before that there was the case of Jose Cardenas, and before that...etc.

Clearly, a good many of the 17,000,336 Mexicans who voted for PRI on 21 August (probably the majority) did so because they wanted to. They voted freely and deliberately for six more years of PRI's lengthy dominance because the options offered by the opposition (the moderate right PAN [National Action Party] and the moderate left PRD) did not win them over. But others voted under the influence of the kind of mass media that only a party of the state has available. I will cite here four examples that I myself gathered. A street sweeper told the middle-class owner of a home whose garbage he picks up daily: "A Power Company truck came to where I live, sir, and they said that if PRI loses, they would remove the illegal connections to the company's lines and leave people without power." A maid asked a colleague of

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mine: "Ma'am, is it true that you have to vote for PRI?" When she was told no, she explained: "Where I live they said that if you don't vote for PRI, they won't give you permission to bury the dead...and my mom is real sick." In another similar situation the person said that at the social security office they took her voter credential and told her: "Service will be suspended for those who do not vote for PRI." Here in my barrio a plumber and electrician in whose home the voting booth where I cast my ballot was installed told me: "People voted out of fear because they said that if PRI lost, there would be war...revolution." One could argue that the fears expressed here are absurd, even illogical, but for many of those who were born and grew up during the lengthy PRI era, they are as real as night following day.

And finally there is fraud. This time, no doubt, there was not the massive fraud of yesteryear. There was fraud, however. For example, there were the 29 voting booths in Monterrey (a city in which PRI and PAN were neck and neck down the stretch) where by the end of election day the number of votes exceeded the number of people on the list of names, in some cases by more than 80 percent. PAN data show that at 2.5 percent of all voting booths in the country between 90 and more than 100 percent of the citizens on the list voted (REFORMA, 26 and 28 August). There are also the videotapes from San Miguel Progreso in Guerrero and from Santo Domingo, Oaxaca, which show how voters, peasants, are pressured to vote for the ruling party (the camera even catches a polling place official taking one voter's hand and passing it over the PRI logo) (PROCESO, 29 August). And there are the irregularities reported by the Civic Alliance in general or the very specific ones in Chalco (incidents at 90 percent of the monitored voting booths) (EL FINANCIERO, 27 August). In short, in 1994 fraud does not seem to have played the central role that it did in 1988 or at previous elections, but it remains a prominent weapon in the party of the state's arsenal.

In conclusion, the system of the postmodern party of the state is one that denies its own existence and possesses so flexible an ideology that it can call itself part of the "democratic third wave" of the century's close. It tolerates the opposition parties that it used to try and destroy but no longer can. It accepts winning less than 50 percent of the vote but continues to control the legislature and judiciary. It obtains the bulk of its funds from the private, not the public sector but keeps checking accounts open in cabinet secretariats and public enterprises. In a word, it is a party that no longer finds fraud indispensable but continues to engage in it, maintaining it as a "contingency fund."

There is a gap that must not be underestimated between the original party of the state and the postmodern one. Democracy could slip in through this gap in the future, but this is merely a possibility, not a certainty.

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## El Salvador

### U.S. Failure To Help Fund Peace Accords Criticized

*PA0510043994 San Salvador EL DIARIO DE HOY in Spanish 30 Sep 94 p 3*

[FBIS Translated Text] President Armando Calderon Sol said yesterday in Agua Caliente, Chalatenango Department, that the government is studying the possibility of issuing bonds as an immediate solution to continue complying with the peace agreements.

The president said, according to his government's calculations, the pending deficit with regard to the international community amounts to some $110 million.

Calderon Sol did not specify the amount of bonds to be issued or to what part of the peace agreements the funds would be applied. He only said the proposal was under consideration.

When inaugurating the ANDA [National Administration of Waterworks and Sewers] project to drill 14 wells and install hand pumps in Agua Caliente—one of the areas most hurt by the war—the president asked Salvadorans to make a national effort by purchasing bonds to partially finance the peace agreements.

He said: "We are not going to act like beggars asking the international community for economic assistance if we ourselves are incapable of making an effort to resolve our problems. We are a proud, brave, and decided people, and therefore all of us must contribute to attaining peace."

#### The United States Breaks Promises

Salvadoran politicians said in Honduras on Thursday [29 September] that the United States has not kept its promise to give economic support to El Salvador's peace process, which represents a serious danger for the peace agreements signed in January 1992.

Within the framework of a meeting of Central American political leaders, Central American Parliament (Parlacen) Deputy Carlos Alfredo Miranda, a Salvadoran, said the U.S. Government has not kept its promise to establish a $110 million fund.

This money would be used to help fulfill parts of the peace agreements, such as land transfers and indemnities for those who have left positions in the Army or police. The delivery of land is part of the January 1992 peace agreements between former President Alfredo Cristiani (1989-1994) and the FMLN [Farabundo Marti National Liberation Front].

Angel Gabriel Aguirre, a member of the National Commission for the Consolidation of Peace (Copaz), said the land transfer program "has been suspended because of a lack of funds to pay for it," stressing that the United States had promised to help. The Copaz member also said another point in the peace agreements that has not been fulfilled concerns those people disabled in the war and the rehabilitation programs that are still not being carried out because of a lack of funds.

#### Agreements Do Not Include Former Patrolmen

Regarding the reparations being demanded by former civil defense personnel and canton patrolmen, Calderon Sol was emphatic that "these people not be included in the peace agreements, and there is no commitment of an economic nature." This is clear, and this has been noted as a matter of record by both ONUSAL [UN Observer Mission in El Salvador] and the government, he said.

As far as Calderon Sol is concerned, the demands by former civil defense personnel and patrolmen are nothing more than a bid to destabilize the government by asking for something that is impossible to give. "This is something the UN community knows," he said.

The president said the government will not file any charges against the former patrolmen. Nevertheless, this does not mean that the state's institutions will not take action. The Legislative Assembly is independent, and it has been attacked; the deputies right's were curtailed. For this reason, the president of the Republic cannot speak on their behalf, he said.

## Nicaragua

### Lacayo Planning Presidential Bid To Stimulate Peace

*BR0410163094 Madrid EL PAIS in Spanish 4 Oct 94 p 4*

[Interview with Minister of the Presidency Antonio Lacayo by Rafael Fragas, in Madrid; date not given: "Lacayo: 'Reconciliation Is the Only Policy Possible for my Country'" ]

[FBIS Translated Text] Madrid—Antonio Lacayo, 45 years old, is the Nicaraguan minister of the presidency. He is a former company manager. Educated in the "Escuelas Pias" and the Jesuit school system before moving on to the Massachusetts Institute of Technology, he has postponed a career as a business manager because he believed that business life was impossible without first constructing a viable political climate in Nicaragua. Lacayo will probably be running for the presidency in 1996 if he succeeds in forming a centrist coalition. Today, he is the "strong man" of Managua. He does not get his strength through radicalism, but rather through his repeated support for a coalition between Sandanists and Somozists that has led to accusations of ambiguity being leveled at him.

[Fragas] How do you counter these accusations?

[Lacayo] By showing that the policy of reconciliation is the only possible way forward for a country that has been split by 10 years of war and a century and a half of

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conflict. We must break this cycle of conflict. The "ambiguity" I stand accused of is for me the national interest of Nicaragua.

[Fragas] Where do you stand?

[Lacayo] In the center. The Somozist right and the Sandanist left in my country have not learned to get on. They tolerate the center because it does not threaten their existence. Nicaragua will thus only be able to enter the 21st century from our position. We must therefore continue to guarantee the existence of the political center, today from government and tomorrow from a future alliance.

[Fragas] Will you form part of that alliance?

[Lacayo] Yes. I think that to devote yourself to the tasks of government and leave this other strategic mission in the hands of the traditional forces would be a great mistake that would not guarantee stability.

[Fragas] Would you like to be president of Nicaragua in 1996?

[Lacayo] Only if it is to stimulate a national plan for peace, democracy, and progress.

[Fragas] Who will be the new head of the Army taking over from the Sandanist Humberto Ortega, and when will he actually take over?

[Lacayo] His identity will depend on the proposals the Army makes to the president and, later, on the choice it makes. For the first time this century, the appointment will be by constitutional mandate, in December, and the new prime minister will take office 60 days later.

[Fragas] Has the announced demilitarization taken place?

[Lacayo] In 1990 we had 84,000 soldiers and the largest Army in Central America. Now we have 14,000 troops and the smallest Army in the area.

[Fragas] Nevertheless, there are repeated problems with demobbed men.

[Lacayo] A law has just been promulgated which, for the first time in the history of my country, subordinates military power to civilian power. We have taken massive steps in this direction. You have to realize that, until 1990, Nicaragua had never experienced cooperation between the military and civilian sectors.

[Fragas] How does Washington see Managua's policy?

[Lacayo] Clinton's administration was the first to see that the problems in my country have to be resolved by the Nicaraguans themselves, in Nicaragua. We can resolve them if we are respected. The most extreme elements of the Republican Party lament the fact that our political process did not end with the military triumph of the "contras" over the Sandanists. However, our plan consisted in creating a democratic system that will not destroy anything—everything is pointing to the fact that we are on the right path.

[Fragas] What is going to happen in Cuba?

[Lacayo] We believe that Cuba is approaching the crunch and we would like the situation to turn out to the advantage of the Cuban people. The Cubans could take Nicaragua as a point of reference for finding a civic and electoral solution.

[Fragas] Would Nicaragua receive Fidel Castro?

[Lacayo] No. The Nicaragua solution does not run to getting rid of one Army and welcoming another.

## Panama

### Perez Balladares on Policy Implementation

*PA0310200694 Panama City Telemetro Television Network in Spanish 1800 GMT 1 Oct 94*

[Interview with President Ernesto Perez Balladares from an undisclosed location by Dorita de Reyna, Miguel Antonio Bernal, Itzel Velasquez, and Edwin Cabrera in Panama City; from the "Seven Days" program—live]

[FBIS Translated Text] [Reyna] I would like to present the first guest of the "Seven Days" program: President of the Republic Ernesto Perez Balladares. Good afternoon, Mr. President. How are you?

[Perez Balladares] Good afternoon to all. I am very happy to be with you on your first broadcast.

[Reyna] Thank you for being with us, Mr. President. It is indeed a coincidence that the day of our first program is also the day that marks your first month in government.

I would like to start by talking a bit about your inaugural speech, delivered a month ago. The speech was almost a government plan, but, in truth, you were still not the president of the Republic at that time. Now that a month has elapsed and you are probably facing a different reality, how do you feel? What are your expectations for the remaining four years and 11 months of your presidency?

[Perez Balladares] Well, when I gave that speech I was the in fact the president because I spoke just after the swearing-in ceremony. But I know what you mean, and in all truth I can tell you that I feel comfortable with my speech. I sincerely believe we are starting to comply with many of the things I said in my speech. I would like to think that a few of these things are already being felt by the citizens, for example, the issue of the security, especially given all the operations conducted during this first month of government.

We have also managed to go forward with a few other things we mentioned in that speech, for example, the successful confirmation in their posts of all members of

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my government by the Legislative Assembly in a relatively short period of time. There have been governments that have been unable to have their appointments confirmed, especially in the case of officials appointed to autonomous institutions, for their entire five-year term. Also, the selection and ratification of the attorney general of the nation, which was not just a proposal in my inaugural address but also one I made throughout my political campaign. Thus, step by step, in the past 30 days, we have been complying with the things we could do initially. Now we go to the next phase, the one of implementing other things still pending.

[Velasquez] Mr. President, when a government gets down to business it is customary for officials from international financial institutions to submit a special menu to the new government and its president. It is usually comprised of several dishes. This is already quite typical in Latin American countries. Some of the dishes on the menu are fiscal reform, labor reform, reduction of the government payroll, privatization, strict adherence to foreign debt obligations, and, of course, in some cases, an opening of the market that is sometimes established on unequal terms. Is the case in your government? Has this type of contact already been made? What menu will we actually have to eat?

[Perez Balladares, chuckling] Itzel, I want to say that this is not really true. I mean, there are objective financial conditions in the world and there are concrete conditions in the national economy, which outline actions that Panamanians have to take and that have to be taken by the Ticos [citizens of Costa Rica], the Hondurans, the Guatemalans, or any country if it wants to enter the modern age. Consequently, I don't believe it is fair to say that international financial institutions are the ones who submit a menu. I would tell you, in any case, that we, specifically the Planning Ministry, are already working to prepare the menu that we will present to the international financial institutions.

[Cabrera] Good afternoon, Mr. President. I want to talk to you about an issue that I think people do not see clearly. I want to start by saying that I believe in pardon. I believe in pardon, just as your Decree No. 469 states, as a way to reach a consensus in Panamanian society and because I think certain things have to be forgotten so the country can continue to advance. I believe this is important.

But there is an unclear intent in your pardon. On the day that you announced your decision to grant the pardon, all Panamanians read on page two of LA PRENSA that, according to the auditors studying the Savings Trust case, almost $4 million were missing from that institution. People involved in the Savings Trust case were pardoned, as were the people involved in other cases—perhaps the most known or most recent is the Dragseth case.

What happened there, Mr. President? Why was such an unclear decision made? It is one thing to pardon politicians and political events and quite another to pardon people involved in cases of missing money—almost $4 million—and in murder. Can they really be pardoned? Do you confirm your decision on this?

[Perez Balladares] Good afternoon, Cabrera. Look, I cannot become a supreme court justice, and I don't think you or any other Panamanian who is not judicially and legally authorized to do so should either. I don't know if the news that appeared in LA PRENSA that day was a straight report on the legal conviction of those people or if it was simply the judgment of the people who wrote it or of the auditors doing the investigating. The truth is that those gentlemen were never convicted in the past four and a half, almost five years. They were accused of committing crimes that I understand are legally considered common crimes.

But Panamanians of all political affiliations have to accept that those crimes occurred in a very troubled political climate. This is not a false assumption. That is, Panamanians know this to be a fact. If a crime was committed, it was committed precisely during a period when the country was going through the difficulties brought on by the economic crisis and economic sanctions. If charges were filed, as was the case in the mentioned cases, they occurred in a climate rarefied by the U.S. invasion.

I recall that several public officials—I don't want to mention any names—appeared on television asking people to file charges, regardless of how groundless they were, because the people to be charged were leaving the country. Perhaps because of the previous political campaign or the sanctions, those people had already been condemned by public opinion. The charges were filed at this time. And although it is true that these are legally common crimes, they were politically motivated.

Furthermore, let met tell you something else. I believe it is not my duty as president of the Republic to become a sort of an ultimate judge. My duty is to try to achieve national progress and harmony. To this end, I tried objectively to do what I could. My decision required some arbitrariness because I do not have a balanced measure to gauge if or how crimes were committed by one person or another. We would also have to add all the circumstances I have mentioned.

But what I believe is important—what really motivated me to take this step was that it would close that chapter; it would turn that page in our country's history. I believe there has been enough suffering.

As for the case you specifically mentioned, the person who is accused of embezzlement, I believe Panamanians always think there has been theft when we talk about embezzlement. But there are different kinds of embezzlement. Some of them do not require that a person take government money for his own benefit. An example of this is when a government institution's administrator, due to carelessness or lack of responsibility, allows that the institution's interests be damaged or, in legal terms,

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that the institution lose money. This is embezzlement, even if the administrator did not get one cent through his action. It is embezzlement. It is a common crime, and the charges are to be filed in a political context.

Thus, without trying to become a judge, because I am not a judge and the Panamanians did not elect me to be one, I have tried to find the best way to turn the page so as to be able to guide the country and find the solutions we require. I made this decision in complete awareness of the fact that many of the people pardoned would not even thank me for it. It is a fact that many of them have not appreciated my action [chuckles] and that it would, perhaps, elicit antagonism in some people who feel offended because they were pardoned. But many others say: Why wasn't I included? Thus, I could not please every one and did not try to do so. I reiterate my motivation: It is an attempt to close this chapter in our history so that the Panamanians will stop hurting each other.

[Bernal] Good afternoon, Mr. President. In your speech, you placed a strong emphasis on the need to consolidate the constitutional state. You also assigned a great deal of importance to several issues surrounding the avoidance of exaggerated customs duty exemptions and excessive fiscal exemptions. You called on all citizens, all of us, to become the eyes and ears, the guardians against a number of what you called fraud and crime. I would like to ask, Mr. President, do you intend or are you willing to do as much as possible to create a office for a human rights ombudsman in Panama as soon as possible or institutions that will contribute to reinforcing the constiutional state that all Panamanians want to exist 24 hours a day?

[Perez Balladares] Good afternoon, Dr. Bernal. Yes, it is my intention and it is in my plan to create a human rights office very soon. First, I suppose we will follow Costa Rica's example, and the cabinet will approve a bill that will later be studied by the Legislative Assembly. Once we have enough experience in operating this human rights ombudsman's office, we should perhaps think of raising it to a constitutional level. But, yes, I do intend to do this. Politically, I believe it is one of the things I would like my government to leave as a legacy.

[Reyna] Thank you, Mr. President. In addition to the political topics we have broached here—the one on the pardon and Miguel Antonio Bernal's concern—I would like to take up Itzel Velasquez's question on the Ifis [international financial institutions] menu. I would not describe it as a menu and am not really very concerned about whether it comes from the Ifis. I believe our country has to take the path to a modern economy as many other countries in America that done with very good results.

In your speech, you insistently reiterated your desire that the Panamanian economy be efficient, modern, free, and competitive. You then spoke of privileges and said the club of the privileged had to end. The most renowned economic privileges in this country are those related to import quotas, customs tariffs, tax exemptions, and special laws for certain employees.

What are you going to do about those privileges? I would say you have three options; tell me if you will choose one of them or if you have a fourth option. Your options are: that the privileged and their priveleges continue, that the privileges continue but the privileged people change, or [chuckles] that everything change and there be no privileges or privileged people. Which of the three options will you choose, Mr. President?

[Perez Balladares] Dorita, those of us who had the opportunity of going to business school were taught a maxim. It says that usually committees end up recommending three options, two of which are not feasible. [chuckles] Even though you are not a committee, I think that this is what has happened this afternoon.

Look, I am glad you said that I had said the club of the privileged because sometimes words are changed and some have reported that I said the club of the exonerated. No, the club of the privileged is a larger and more encompassing concept than the club of the exonerated. That is, it includes more people. I sincerely believe and reiterate that we have to end economic inefficiency to achieve the progress and generate the jobs Panamanians are demanding.

In fact, a large amount of that economic inefficiency is produced by such privileges which, at a given time, were granted with the mistaken intention of creating jobs. Such jobs, however, were created at a very high cost to the rest of society. To exonerate, for example, or to protect an inefficient industry burdens all consumers, all Panamanians with the cost of doing so. The same applies to inefficiencies in the labor market which are charged to all consumers, who of course number far more than people in the labor force.

I consequently believe that of the three options you presented, the only feasible one is to end the privileges and the privileged so that we can all have equal opportunities.

[Bernal] Mr. President, you have spoken about the need for equal opportunities. In your recent speech you said emphatically that you would consult all sectors that could be negatively affected by government measures. But you have appointed a national education review commission composed mostly of PRD [Democratic Revolutionary Party] members. Is it possible that members of other political persuasions could form part of that commission, considering that education concerns everybody and that you have said you would be the president of all the Panamanians?

[Perez Balladares, laughing] Dr. Bernal, not all members of the commission are members of the PRD.

[Bernal] Almost all of them!

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[Perez Balladares] Allow me to tell you this: I would be very happy if Dr. Stanley Muschett were a member of my party. This goes for many other members of the commission too. Party favoritism and dogmatism are not the idea. We are being broad-minded.

Unfortunately, what happens is that for commissions to be functional, they must be small. As I understand it, that commission's procedures call for involving many people, people who want to express their opinions and who have specific proposals to make on how to review and modernize education. I invite you, with pleasure, to approach the commission, to allow us to benefit from your experience and your advice. If you formally want to form part of the commission, we would endorse that too. I would tell the minister to expand it to include you, with pleasure.

[Reyna] Will you accept this challenge, Miguel Antonio?

[Bernal] I never say no to challenges, especially when they involve education. But I believe that the education commission should involve people from all political persuasions in the country.

[Perez Balladares] It does. We would like for it to be broader, but I repeat: how many people can there be in a commission?

[Cabrera] Mr. President: Putting aside the matter of the pardons—the discussion of which did not satisfy me because I thought I was going to get a much more categorical answer—I want to ask you something that affects us all. All people who are somehow involved in politics know about the links and ties that your campaign, first, and your presidency, later, have with the transportation sector. These ties are valid and I think they are fine. My question is: to what extent will the executive enforce compliance with Law 14. And, another question: can you commit yourself to the Panamanian people to not increase public transportation fares?

[Perez Balladares] Sir, let me tell you that my aim was not to make you happy with my answer. [Cabrera laughs] My only aspiration was to explain to the Panamanian people what led me to do what I did. With regard to the transportation issue, a special plan would be required to adequately cover all its complex aspects. If I had to comment on this, though, my comments would be very global and general, and I would tell you this: it is evident that in the country's largest cities—Panama, Colon, Santiago, and David—urban transportation is not efficient. What do I mean when I say it is not efficient? I mean that it is not sufficiently quick, comfortable, safe, and inexpensive.

We have to modernize the urban transport system, just as we need to modernize the roads network so that interurban transportation will also be efficient, modern, quick, safe, and economical.

I sincerely believe that people in the transportation sector—those who backed my campaign as well as those who did not support it—can very capably evaluate the whole issue with the government institutions—that is, with the Government and Justice Ministry and the National Transportation Directorate—and to involve the Legislative Assembly in this, which in the end is the entity that will have to adopt whatever decision best suits the national interests.

[Cabrera] What about fares?

[Perez Balladares] I just said we have to find ways to make it efficient, safe, and economical.

[Cabrera] Thank you.

[Perez Balladares] With pleasure.

[Reyna] Mr. President, in your speech you also mentioned the need for fiscal reform. We agree that there is a fiscal crisis in the country. It could be resolved through tax increases, a reduction of the state payroll, or the cancellation of investments. Which of these three alternatives would you pick, Mr. President?

[Perez Balladares, laughing] Dorita, I think you are again speaking on the basis of reports from the committees. I did not speak about fiscal reform. If you think back carefully you will recall that I spoke of reform of the fiscal code, which is a different matter.

Fiscal reform would require an evaluation of the entire tax system. Reform of the tax code means reform of the laws and regulations that regulate, the repetition is valid, the government's actions—its purchases, its sales, its biddings. This is what we are doing. Soon there will be a cabinet meeting to study a bill that modifies the tax code so that it complies with modern standards that give the state the flexibility for making efficient, honest, and clear purchases and sales to benefit everybody's interests, because these are the interests the state represents. This is what I said.

[Reyna] Thank you, Mr President, but I want to insist on my question: do you think there is a fiscal crisis in the country?

[Perez Balladares] It is evident that the 1994 budget has a deficit of approximately $60 million. This is because Colon Free Zone buildings were not sold, as had been expected during the Endara administration, and this revenue never materialized. The sale of these buildings is a separate problem. I sincerely do not believe in, and cannot justify, selling state assets to finance current budget spending.

Knowing that the 1994 budget will have a deficit, we have to understand that the 1995 budget will be reduced. Budgets are always based on the performance of the budget during the previous year. This reduction will come because we do not have the $60 million revenue that supposedly we would have had from the sale of the mentioned assets.

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I do not think there is a fiscal crisis, though. I think that the current tax system is sufficiently good. I think this is a matter of honestly and clearly collecting taxes. I also think that the elimination of certain privileges that translate into not paying taxes will help a lot.

I don't think that a tax increase will be necessary, even if we have to draft a budget inferior to that of 1994, a budget that would be realistic, a budget to be accomplished completely and not partially, as has been the case in the past few years.

[Reyna] Miguel Antonio, do you have something?

[Velasquez] To conclude, I would like the president to put national issues aside to discuss international issues. You have said on several occasions that the U.S. economic embargo against Cuba is a bilateral matter. Some facts apparently contradict this affirmation. The economic embargo has been discussed at the two latest UN General Assembly sessions and at the Rio Summit. Don't you think that all this turns the issue into one of continental, of international, scope? Are you prepared to change your opinion on this?

[Perez Balladares] No, Itzel. I still believe this is a problem between the United States and Cuba. It has been discussed by the Rio Group and also in the UN General Assembly, but this is an expression of the international community that is asking the two countries involved to resolve the problem. They have also asked the Cuban Government to introduce reforms that would bring that country closer to Latin America, where we all have democratic and multiparty regimes.

I do not want to pass judgment on whether the Cuban regime is democratic—that would be another question, but the Cuban regime is not like the one we have, with open and multiparty participation.

This is what Latin Americans want, and I think this is what the Rio Group and the United Nations have said. The issue of the economic embargo, or blockade, as some people call it, is bilateral.

[Reyna] Thank you, Mr. President, for being on this first program of ours. We hope that during the remaining four years and 11 months of your administration we will be able to have you with us again, when the issues are sufficiently important.

[Perez Balladares] With pleasure. It has been a pleasure being with you, even if it was by means of television camera magic. I will be happy to be with you whenever you find it suitable. Thank you for this opportunity.

[Reyna] Good-bye.

### Vows To Attack Corruption

*PA0410181194 Panama City LA PRENSA in Spanish 2 Oct 94 p 4A*

[Report by Hermes Sucre Serrano]

[FBIS Translated Text] President Ernesto Perez Balladares has announced the implementation of a rigorous internal policy against corruption, drug trafficking, and money laundering in an effort to recover Panama's prestige abroad and to convince the international community that the country has the will to be reincorporated into the complex world of international economic relations.

Perez Balladares asserted that for several reasons, the elevated position Panama occupied during the struggle to attain the Panama Canal Treaties, which gave the country great international prestige, had suffered a decline. "Our country's name is currently associated, many times unjustly, with morally iniquitousness."

"It is imperative that we salvage our country's name so that influential foreign investors do not feel have any reservations or doubts about investing in the Panamanian economy," the president emphasized.

The head of the executive branch made these proposals this week in closing a seminar for the Foreign Ministry's foreign service officers.

Perez Balladares emphasized that his government is obliged to adopt internal rules to convince the international community that Panama is acting sincerely and firmly and that it is committed to entering the complex world of international economic relations in order to take advantage of its geographic position and of its open economic system.

The president called on the new diplomatic and consular personnel to broadcast the advantages Panama offers to foreign investment: the incentive law, trade promotion, and tourism. "You are not being sent abroad to continue repetitious and sterile practices," he stated.

He also asserted that foreign policy has to correspond with domestic policy objectives. "It is not convenient, logical, or prudent to have contradictions or divisions arise between both government orientations, as they are two phases of the same government action and there must be great coherence between the two," he added.

### Court Sentences Noriega for Giroldi Murder

*PA0510035394 Panama City Circuito RPC Television in Spanish 2300 GMT 4 Oct 94*

[From the "RPC Television News" broadcast]

[FBIS Translated Text] The Second Higher Court of Justice has sentenced former General Manuel Antonio Noriega, who is serving time in a Miami jail for drug trafficking, to 20 years in prison for the murder of Major Moises Giroldi. In 1989, Giroldi tried to topple Noriega. In March 1993, a jury found Noriega guilty in absentia of murdering Hugo Spadafora and was given 20 years in prison, who remains in power... [pauses] Let me correct that, along with Noriega, who ruled de facto in Panama from 1983 to 1989, was sentenced to another 20 years in jail for perpetrating the crime. [sentence as heard] Former officer Heraclides Sucre remains a fugitive from Panamanian justice. The murder took place in the early morning hours of 4 October 1989 in San Miguelito's Tinajita Military Garrison.

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## Argentina

### Menem To Talk to Syrian Officials on Mideast Peace

*PY0410231094 Madrid EFE in Spanish 1413 GMT 4 Oct 94*

[FBIS Translated Text] Buenos Aires, 4 Oct (EFE)—Argentine President Carlos Menem has announced that he will talk with Syrian officials in an effort to contribute to the Syrian-Israeli peace negotiations. Menem said his initiative is in response to a petition made by Israeli Foreign Minister Shim'on Peres.

During an interview with the Buenos Aires newspaper AMBITO FINANCIERO, Menem said that Argentine Foreign Minister Guido Di Tella will meet with Syrian diplomats before his trip to Syria next November.

"This is what Mr. Peres asked me," Menem said, adding that Di Tella's meeting with Syrian officials will possibly take place in Europe or the United States.

### Israeli Official Views Buenos Aires Bombing

*PY0410114694 Buenos Aires CLARIN in Spanish 1 Oct 94 p 13*

["Summary" of interview with Uri Dromi, Israeli Government press relations chief, by unidentified reporter; place and date not given]

[FBIS Translated Text] [CLARIN] Two months have gone by since the AMIA [Argentine-Israeli Mutual Association] bombing. What is Mosad doing toward the investigation?

[Dromi] Mosad is currently sharing intelligence information. It is not participating in the investigation. We leave that in the able hands of Argentine authorities.

[CLARIN] Is any Mosad agent cooperating in intelligence matters in Buenos Aires?

[Dromi] No. Cooperation is conducted by telephone, fax, and during meetings in other places, not in Argentina.

[CLARIN] What kind of intelligence information does Mosad share with Argentina?

[Dromi] Reports on the movement of possible suspects, individuals linked to previous attacks, information on the activity of Iranian nationals around the world, technologies used in other attacks, that type of thing...

[CLARIN] You know the Argentine Government lowered the tone of its accusations against Iran...

[Dromi] Let me tell you something. Israel has considerable experience in warning the world about some dangers. For instance, the hijacking of planes by Palestinian terrorists during the 1960's and 1970's, Iraq's nuclear capability at the beginning of the 1980's, and now the Iranians. People will know in the future how right we were, but it takes time.

[CLARIN] So Israel has no doubt Iran was responsible for the attacks on the Israeli Embassy and the AMIA.

[Dromi] Absolutely. This is not the work of any particular group. These attacks have the stamp of the Iranian Foreign Ministry and the Iranian secret services. They did the same in Turkey, Egypt, and many other places. The have a great ability to use local contacts in carrying out their attacks.

[CLARIN] Do you not consider a more direct participation of the Israeli intelligence services necessary, in view of the slow progress in clarifying the 18 July attack?

[Dromi] It is not our policy to interfere in investigations conducted by local authorities, who know the situation in their countries better. On the other hand, we would not make it public if we were to take concrete action. This is an essentially Argentine matter, and we will respect it as such. We have great hopes in the Argentine secret service. It is important that the latest attack highlighted the need to reinforce security on Argentina's borders, where there is a lot of movement.

[CLARIN] Is Israel exerting any pressure, demanding progress in the investigation?

[Dromi] No pressure, but of course, we want to see results.

### Cavallo Denies 'Difficulties' Balancing Accounts

*PY0410162494 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1021 GMT 4 Oct 94*

[FBIS Translated Text] Madrid, 4 Oct (AFP-NA)—Argentine Economy Minister Domingo Cavallo today in Madrid denied that the pre-election atmosphere in Argentina is causing "difficulties" in balancing the 1995 fiscal accounts, and stressed that the government will maintain its fiscal policy.

During a meeting with the media at which he reported on his country's economy, Cavallo stressed that "there will be no reversal in Argentina's fiscal strength."

"Our fiscal panorama will continue unchanged during the 1994-1995 period," the minister said. He recalled that the government of President Carlos Menem has faced and won four elections, including the election that was held recently in Buenos Aires Province, with the same fiscal program that has popular support, "so we are not going to charge now."

The minister said Argentina has not taken up the last two IMF disbursements because the country does not need them. "There is no other reason, and the IMF will continue to "monitor" the economy. [quotation marks as received]

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Cavallo acknowledged that there are some difference with the IMF, but "only regarding questions of mechanisms," and stressed that Argentina will continue its policy of reducing taxes in order to increase private savings.

The minister considers his country's economy is basically "going well," with the exception of the trade deficit and unemployment. He believes one challenge is that of increasing productivity.

Cavallo said: "We will never issue money to finance deficits nor will we artificially alter the value of our currency." He referred to the system of "multiple currency" used in his country, which means Argentines can choose the currency use in their transactions.

He said this measure seeks to stimulate savings "because it has ended the fear that their savings will be affected" by monetary manipulations.

The "complete" political "stability" in Argentina was summed up by the minister, who said: "This is not exclusively due to the Justicialist Party's election victories; other (opposition) parties acknowledge that this economic policy must not be changed."

Cavallo ended by citing the four challenges facing Argentine society: National savings must be increased; productivity must be increased; unemployment must come down; and there must be more efficiency in public expenditures.

### Relations With IMF, Cavallo Remarks Examined

*PY0510021094 Buenos Aires LA NACION in Spanish 1 Oct 94 p 7*

[FBIS Translated Text] When the Argentine Government renounced access to the last two disbursements of the Extended Fund Facilities Agreement signed with the IMF, it substantially changed its relations with the multilateral financial organization. Throughout the past years, the IMF has acted as an international accounting auditor of our local finances, revealing the status and direction of the administration's economic policy.

Even though the IMF supervision will continue, as was made clear by the economy minister, it is obvious that the decision weakens the IMF sanctions capacity. This prerogative can be exercised, in practice, by the IMF, since the financial institution has the power to refuse disbursements on account of any agreement.

Today local and IMF authorities can maintain only an almost academic political and economic discussion on mistakes and possible solutions, because the IMF can no longer refuse to disburse parts of the credit. The IMF can only make a statement saying that in a given fiscal situation it would not have disbursed the loan in question.

This difference has different values from various points of view, but its main effect is the virtual extinction of the IMF tutelage and the almost coercive IMF opinions and recommendations.

The economy minister's explanations have been varied and broad.

One of his arguments was that, in the end, the decision to suspend the financial assistance was in accordance with present IMF guidelines because today IMF technical and credit assistance seems to concentrate on central and East European countries, such as Ukraine.

But the explanation that the agreement was not renewed at maturity because of the IMF global orientation change is not enough to justify an early renunciation of a line of financing that is cheaper than any other obtainable in the market. It is obvious, then, that the local administration acted in response to something more than just to help the IMF change the orientation of resources or because there is certitude in obtaining the needed funds in the international market at tolerably higher costs.

The administration decided to renounce or do without the IMF tutelage in order to be able to take or not take steps the IMF would have prevented or demanded.

As the minister and other economic team members have already clearly said, the administration acted like it did to reduce other costs, even knowing that it will have to pay more for money it needs to borrow, which it is already doing in practice, through the issuing of different types of bonds and treasury titles.

In fact, the administration's immediate economic and fiscal projections do not coincide with Extended Fund Facilities Agreement commitments for this stage and, therefore, with the system of IMF demands. In order to fully implement the agreement, the administration would not only need to fulfill those commitments; it would also make obvious the existence of disagreements between both parties, not only about the amount of spending—the increase of which is not approved by either party—but also about the collection of fiscal resources necessary to pay for that spending.

In other words, we have reached a point that only admits two extreme interpretations.

One interpretation is that the economic team believes public spending has reached the bottom (as registered in next year's budget bill). The economic team may also think that interrupting the fiscal and parafiscal cost reduction program to help the private sector would cause greater economic hardships than the weakening of the technical and financial relations with the IMF, which in the past were the bases for the foreign debt refinancing and Argentina's return to the world credit market.

The administration is, therefore, letting a very demanding financier (the IMF) go because it fully trusts its programs will facilitate, in the medium term, and through production growth and foreign and domestic credits, the needed resources to maintain the indispensable fiscal balance for sustaining the convertibility system.

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This, in sum, is what the economy minister told entrepreneurs and economists on 29 September when explaining the meaning of the decision.

The other interpretation is that the administration simply cannot or does not want to remedy in time and form the defects of the fiscal situation, and is trying to minimize their impact.

If we accept the official position that the administration will strive to maintain a fiscal surplus capable of assuring the state's necessary solvency to obtain the loans it needs to pay its debts, we must deduce that the last interpretation is valid.

Regarding the first interpretation, the official explanation that a good economic performance will help solve all fiscal imbalances in the medium term is a bet as big or greater than the bet the administration successfully made when it committed itself to fulfilling strict IMF demands in order to have access to the Brady Plan and liquidate the crisis generated by the foreign debt.

Now that the IMF regular tutelage has weakened, or is altogether absent, an analysis and evaluation of the budget implementation becomes very important to ascertain whether the administration is successfully obtaining and administering taxpayers' money and, therefore, influencing the development of the private economy.

Local as well as foreign markets will have to be, and will be, stricter in their supervision, without ignoring the fact that the IMF's and other international organizations' opinion on the fiscal and financial performance of the local administration will continue to have weight and influence on the cost of credits Argentina and its companies need to obtain from the international financial community. The administration, therefore, will have a broader and more decisive responsibility, as always occurs at the end of any tutelage, in all our financial matters.

## Di Tella 'Keeping Alive' Claim Over Falklands

*PY0410175094 Buenos Aires TELAM in Spanish 2136 GMT 3 Oct 94*

[FBIS Translated Text] London, 3 Oct (TELAM-SNI)—In London, Argentine Foreign Minister Guido Di Tella told TELAM-SNI today that his mission involves keeping alive the sovereignty claim over the Malvinas Islands, without trespassing the limits of international law.

During the interview, Di Tella, who is convinced that this strategy will be fruitful, said that the recent inclusion of the sovereignty claim in the Argentine Constitution "has caused a shock" in British circles.

Di Tella indicated: "The British were hoping that this issue would be watered down." Di Tella emphasized that the administration of President Carlos Menem "will not allow" this to happen.

With this goal in mind, the Argentine foreign minister, who travels two or three times a year to the United Kingdom, will use this visit to meet a group of politicians and representatives of Malvinas interests.

Di Tella will travel on 4 October to Blackpool, where the annual Labor Party Congress is under way, to meet Jack Cunningham, the would-be foreign minister for the Labor Party cabinet.

Concerning sovereignty over the Malvinas Islands, Di Tella explained: "There is no significant difference between a Conservative and a Labour government." He admitted: "If things remain unchanged, it is likely that the Labour Party will win the 1996 general elections."

In Di Tella's opinion, the percentage by which either of the two parties wins the elections is actually what is significant for Argentines.

Di Tella ventured: "We would like the winner to achieve a simple majority, because the largest opposition parties usually raise problems for negotiations."

Di Tella is aware of the fact that the 1982 war significantly reduced room for negotiations.

Di Tella noted that the conflict between Argentina and the United Kingdom represented a "tremendous" setback and that, without this armed conflict, "we already would have settled this dispute, or would be discussing the details."

The stand taken by the government headed by Prime Minister John Major seems to be uncompromising. There are no doubts about the British rights over the islands, and they will never let down the islanders, who are not giving any indications that they would like to cease belonging to the United Kingdom.

Nevertheless, the Argentine foreign minister is convinced that things might change.

Di Tella pondered: "Should anyone have talked about the end of apartheid in South Africa and about the power transfer to the African National Congress one year ago, no one would have believed it, and two years ago everyone would have laughed at this possibility."

Di Tella also discussed the peace process initiated in Northern Ireland, describing it as "suprising."

London however said that it would accept the stand taken by the Malvinas Islands inhabitants.

Di Tella noted that for them (the Malvinas Islands inhabitants) "it would be advantageous to join Argentina, especially bearing in mind that their way of life will be fully respected."

The Argentine strategy involves presenting "a changed Argentina, an Argentina that is a member of the Western Hemisphere and supports nonproliferation, a peaceful and progressive Argentina that keeps good relations with

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its neighbors and the rest of the world, a country with an orderly economy; and all these things carry their own weight."

There is also a proposal for economic compensation for the inhabitants of the islands, "not in order that the people might leave, but if this becomes an element in achieving sovereignty it must be considered."

Di Tella indicated: "I believe that, unlike the situation prevailing one or two years ago, they do not believe that this idea is as horrible as it was in the beginning."

Di Tella stressed: "We have made many advances and achievements in our proposals, which in my opinion have yielded favorable results."

Nevertheless, Di Tella does not want to raise false hopes. The talks are smooth "because, among other things, they already know me; it is not the first, but the fifth time that I have met with them."

Allowing the entry into the islands of people with two passports "represents a sign of flexibility." In addition, three islanders were present in April at the Argentine-British Conference in Mendoza.

Concerning the chance of the comeback of a military dictatorship in Argentina, Di Tella noted: "This becomes less valid every year. This argument, which used to be very powerful, is less powerful now, but still applies. But it will no longer make any sense within 10 years."

Di Tella emphasized: "The islanders' stand is also not unanimous. There are different opinions." "I believe" Argentina's financial offer "represents a proposal that divides them, and this was mentioned during a speech at the United Nations," he added.

"The trilogy" that the Argentine foreign minister proposes for settling the conflict involves a clause for mandatory recovery of the islands, a peaceful method contemplated by international law, and respect for the islanders' way of life.

Di Tella said: "Nothing by itself is longstanding, all-important, and changes everything. An addition of intelligent initiatives—like the one taken in the Constitution—serves a given purpose."

Di Tella noted: "If I am conducting all these negotiations, it is because I believe they will end well; I don't know whether by the year 2000 or by 2050."

### Accord Reached With UK Businessmen on Falklands Oil

*PY0410225194 Buenos Aires TELAM in Spanish 2352 GMT 3 Oct 94*

[FBIS Translated Text] Buenos Aires, 3 Oct (TELAM)—Vice Foreign Minister Fernando Petrella stated tonight that Argentina endorses an agreement between Argentine and British entrepreneurs on jointly exploiting oil in the Malvinas Islands.

The vice foreign minister said: "It is an initiative from the private sector that we are viewing favorably because it agrees with our proposal of cooperation in exploiting oil under the sovereignty protection umbrella."

Petrella made these remarks at the Foreign Ministry after the first day of discussions in London between Argentine and British official representatives to reach an agreement on oil exploitation in the Malvinas Islands. The discussions will end on 4 October.

The Argentine delegation is headed by Foreign Policy Under Secretary Rogelio Pfirter and the British delegation is headed by Foreign Office Ambassador William Marsden.

Petrella pointed out that Argentina "will emphasize its proposal of cooperation" to jointly conduct oil exploration. The vice foreign minister said: "We believe the British Government is closer to reaching an agreement than the islanders."

The vice foreign minister acknowledged the possibility that a group of Argentine oil companies, headed by Government Oil Deposits, and British oil companies, headed by the British Petroleum, will reach an agreement on jointly exploiting oil in the Malvinas Islands area.

Petrella pointed out that this initiative "came from private sectors that have been talking recently." He announced that this project "is being endorsed by Argentina."

Petrella pointed out: "This issue will probably not be resolved during this round of talks, but these discussions serve to continue to advance, let's hope, in the right direction."

The vice foreign minister noted: "If the sides do not reach an agreement, Argentina will appeal legally to defend its rights in the area and investments would be difficult in conflictive areas. Therefore, I believe an agreement will finally be reached."

### Army Chief Visiting Paris, Zagreb

*PY0410185594 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1043 GMT 4 Oct 94*

[FBIS Translated Text] Paris, 4 Oct (AFP-NA)—Lieutenant General Martin Balza, the Argentine Army chief of staff, who is visiting this city at the invitation of the French Army, stated that the operational efficiency of an Army depends on the number and the aptitude of the men.

Balza, the top authority in the Argentine Army, arrived in Paris on the night of 2 October and will remain until 7 October. He will then depart for Zagreb to inspect an

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Argentine battalion engaged in peacekeeping activities under the UN flag in the former Yugoslavia.

In an exclusive interview with AFP, he revealed that the bloody battle on the Malvinas Islands in 1982 demonstrated that an Army that depended on obligatory military service has fulfilled a very important cycle, but the psycho-social and economic and military policies of the end of the last century are very different from the current situation.

"Thus, if we want an efficient Army then we must consider the professionalism of the conscript," Balza said in a brief evaluation of the current Army, which is the embryo of the Armed Forces of the year 2000.

Within this modernization plan, Argentina has incorporated women as conscript soldiers to carry out professional tasks as doctors, dentists, computer programmers and operators, and auditors. Currently, two women are taking helicopter pilot courses.

Balza indicated that the Argentine Army is improving its professionalism. To do so, important modifications have been carried out which allow the Army to increase its operational efficiency with less men.

He mentioned the existence of the Army Higher Institute of Learning that has the level of a university. Civilians are also allowed to study there. He said: "This helps civilian-military integration and, allows our officers to graduate from the Military College with university degrees in administration, accountancy, engineering that later can become doctorates when they leave the Higher War Institute."

Referring to the country's physical borders, Balza indicated that a rapid deployment force (similar to the French FAR—Rapid Action Force) could be deployed where and when required, and even remote places with the modern equipment that the Army has.

This was one of the topics that Balza discussed with General Philippe Morillon, former commander of the FUPRONU (UN Protection Force) in former Yugoslavia.

He recalled that currently there are some 900 men in Croatia and that the 6th Battalion had already passed through that city; in other words, more than 5,000 Argentine officers and non-commissioned officers have participated, because conscripts were not mobilized for this operation. [sentence as received] Argentina also has 375 men in Cyprus, of which 270 are from the Army; a company of engineers in Kuwait that is improving roads, clearing minefields, and former battle fields by removing unexploded ammunition.

Finally, with a stentorian "No" Balza rejected the idea that Argentina's continuous participation could create a police force mentality with the temptation of using it internally.

"Absolutely no. A robust no. Completely to the contrary. The unrestricted respect for the republic's institutions is imbued throughout the Army. The Army's political participation in the past was a mistake, but it belongs to the past which we cannot reconstruct."

"We can control the present, and we do so because it helps us program the future. I am convinced of this," Balza concluded.

## Bolivia

### Cardenas Views Increased Cooperation With PRC

*PY0410164694 La Paz Radio Fides Network in Spanish 1100 GMT 4 Oct 94*

[Telephone interview with Vice President Victor Hugo Cardenas in Chengdu, PRC, by anchorman Father Eduardo Perez Iribarne—live]

[FBIS Translated Excerpt] [Perez] Mr. Vice President we would like to chat with you. Good morning, good afternoon, good evening. It is 0745 in Bolivia. What time is it in the PRC?

[Cardenas] Thank you, Father Eduardo. Here in Chengdu, PRC, it is 1945, 12 hours ahead of Bolivia. While you are getting ready to go to work we are getting ready to rest. I am very happy to greet the entire country through Radio Fides from here, where we are working hard to increase PRC cooperation with Bolivia, especially in the rural areas. We are working intensely and I want to greet the entire country through Fides. [passage omitted]

[Perez] How do the Chinese, who strongly rely on their agricultural production, fight the drought?

[Cardenas] Chengdu is a mainly industrial city but they also plant a lot of vegetables. We will spend the night in this city in central PRC and tomorrow will travel to Tibet, which is some 3,500 to 4,000 meters above sea level, like the Bolivian high plateau. We are preparing for a meeting with the Chengdu People's Congress. This region, including the city and the outskirts has 14 to 15 million inhabitants. I am talking about a single city. This is impressive: the provinces of this region have more than 100 million inhabitants. The number of people, the production rate, the number of enterprises, [words indistinct], workers, etc., in this region are quite impressive. I had quite a different idea of the PRC. We have learned a lot of good things here that we will discuss when we get back to Bolivia so that our country may heed its bilateral relationship. In this Asian region the PRC plays a truly important role. It is exporting large quantities of products and we must relate to them. [passage omitted]

[Perez] [question indistinct]

[Cardenas] I think it is half and half because they talk about a socialist market economy and this means the state continues to own enterprises, hotels, means of transportation, factories, and many other things but there are other sectors like [words indistinct], and agriculture that have been transferred to the private sector.

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There is a combination of a market economy with a state-run economy. They talk about socialism with Chinese characteristics and a market with Chinese characteristics. Li Peng, in his final message during the PRC anniversary—the Chinese are celebrating their 45th anniversary—said they have their own system. It is half way between capitalism and socialism. [passage omitted]

## Brazil

### 8 Million Votes Tallied; Cardoso Maintains Lead

*PY0510023794 Rio de Janeiro Rede Globo Television in Portuguese 0145 GMT 5 Oct 94*

[FBIS Translated Text] The Superior Electoral Court, TSE, has thus far counted 8,160,000 ballots. Let us now watch the current standings of the presidential election:

Fernando Henrique Cardoso of the Brazilian Social Democracy Party—PSDB—continues to have a firm lead in the race with 54 percent; Luiz Inacio Lula da Silva of the Workers Party has 24.2 percent of the votes; Eneas Carneiro—of the Party for Redefinition of National Order—has 6.7 percent; Orestes Quercia of the Brazilian Democratic Movement Party is fourth with 5.8 percent; Esperidiao Amin of the Progressive Renewal Party has 5.6 percent; Leonel Brizola of the Democratic Labor Party has 2.9 percent; Carlos Gomes of the National Reconstruction Party has 0.5 percent; and Admiral Fortuna of the Social Christian Party has 0.3 percent. Journalist Alexandre Garcia has more on the vote tally:

[Begin Garcia recording] Nearly 10 percent of the ballots have been counted thus far and these figures confirm the exit poll conducted by the Brazilian Public Opinion and Statistics Institute [Ibope] predicting that the election would be decided during the first round.

After the machines were oiled and the muscles flexed during the day, the pace of the vote tally is picking up speed at the TSE. Based on the pace maintained early this afternoon, it was estimated that 50 percent of the ballots would be counted only by 9 October. Yet, the TSE itself is noting now that 50 percent of the ballots could be counted by 7 October, or by the evening of 6 October. [end recording]

### Partial Official Voting Tally 'Very Slow'

*PY0410210694*

[FBIS Editorial Report] Rio de Janeiro Rede Globo Television in Portuguese, in its regular 1600 GMT newscast on 4 October, reports on the partial official vote tally results in several states. It notes that the vote tally thus far is very slow.

A one-minute item reports: "The following are the partial results of the vote tally for Sao Paulo governor:

"Amount of tallied ballot boxes: 0.2 percent of the total. "Mario Covas has 52.3 percent of the votes, Barros Munhoz has 17.6 percent, Francisco Rocha has 17 percent, and Jose Dirceu has 8.6 percent."

Another one-minute report states: "The vote tally in Piaui State promises to be one of the slowest in the country. In some regions the ballot boxes arrived in the vote tally centers at about 0900. The reason is the low literacy level in this state, with the level being 64 percent, including both illiterate and semi-illiterate people." Another problem in Piaui is that "most of the municipalities are not linked to the Superior Electoral Court, TSE, computer system."

An additional one-minute reports says: "The vote tally is also very slow in Minas Gerais State. The greatest difficulty is that many voters simply wrote the nicknames of their candidates in the ballots for state and federal deputies. In order to confirm the validity of the votes, vote scrutinizers must look up the names and nicknames of nearly 4,000 candidates in the 87-page booklet published by the TSE. The work is so difficult that only one ballot box was tallied in five hours of work in this vote tally center."

Yet another one-minute report states: The following is a report from Curitiba, Parana. "Here in the Mbariguy Convention Hall, the largest vote tally center in Parana State, the vote tally for president, governor, and senators is going on very well. Forty-eight ballot boxes from this electoral district, which has a total of 237 ballot boxes, were already tallied, representing 20 percent of the total. What will delay the vote tally is precisely the vote count for federal and state deputies. The problem is that there are a lot of candidates, names, numbers, and nicknames, which, according to scrutinizers, slows down the work."

A one-minute report by commentator Alexandre Garcia says: "The TSE explained why the voting process was faster than expected. There must have been many null and blank votes in the proportional elections, that is, the votes for federal or state deputies. The Brazilian Public Opinion and Statistic Institute, Ibope, predicts that 50 million voters of the total of nearly 95 million did not vote for either state or federal deputies. The abstention level in the ballots for president was high. Blank and null votes accounted for nearly 33 percent. That is, 65 million votes for president are valid, according to the calculations by the TSE. The addition of blank and null votes will be greater than the addition of the votes for the presidential candidates, excluding Fernando Henrique Cardoso and Lula, and it may be equal to the addition of the votes for the so-called minor candidates."

In another one-minute report, the announcer comments on the delay in the beginning of the vote count in Rio de Janeiro State as a result of a technical problem in the central computer, and adds that "it is confirmed that the first ballot box to be opened countrywide was that of a very small town in the interior of the state."

In a final one-minute item, the announcer reports on vote tally in Recife, Pernambuco State, and explains that

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the work is being done very slowly because the various political parties allegedly failed to prepare credentials for their members who had to supervise the voting process.

### Final Official Vote Tally To Be Released in 15 Days

*PY0510014594 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 4 Oct 94*

[FBIS Translated Excerpt] [passage omitted] [Unidentified reporter] Superior Electoral Court, TSE, President Sepulveda Pertence has just granted a news conference to the journalists who are covering TSE activities. He has confirmed that the official vote tally for president will only be released in 15 days. TSE Director General Allyson Mitraud is here next to me. Mr. Mitraud, is the overall level of absenteeism countrywide reason for concern?

[Mitraud] Undoubtedly, it is reason for concern. A high level of absenteeism would indeed be reason for concern, but I believe there will not be a high level of absenteeism. In some parts of the country absenteeism has totaled 30 percent, but I think that as the number of votes counted increases, this number will decrease to an estimated 20 percent.

[Reporter] What about the vote tally? Do you believe the vote counting process is being delayed countrywide because all votes were cast in a single ballot box?

[Mitraud] Certainly. Most people are unware of this fact. When the ballot box is opened, there are yellow slips for candidates to the presidency, state governments, and the senate, as well as slips for candidates to state and federal deputies. They are all in only one single ballot box. The scrutinizer has to first count all the yellow voting slips. It takes the scrutinizer some 15 to 20 minutes to count the yellow voting slips contained in a ballot box in which 400 voters have cast their votes. In addition, it will take him some two to two and a half hours to count the proportional votes for deputy candidates and to be able to accurately interpret the voters' intention. The process is, therefore, very slow. One cannot open other ballot boxes and count only the yellow slips. All votes in each box, white and yellow, must be counted first. The counting rhythm is thus established by the white voting slips on which the voters chose their candidates for state or federal deputies or, as in the case of Brasilia, for Federal District deputies.

[Reporter] We thank Dr. Mitraud for this interview and will continue, later on, to broadcast the TSE bulletins.

### President Franco Votes for Cardoso

*PY0310151794 Sao Paulo AGENCIA ESTADO in Portuguese 1339 GMT 3 Oct 94*

[FBIS Translated Text] Juiz de Fora (Minas Gerais), 3 Oct—Jose de Castro Ferreira, a close friend of President Itamar Franco and president of the Telerj [Rio de Janeiro Telephone Company], said the president voted a few minutes ago. Franco voted for Fernando Henrique Cardoso for president, Eduardo Azeredo (PSDB) [Brazilian Social Democracy Party] for governor of Minas Gerais State, Francelino Pereira (PFL) [Liberal Front Party] and Arlindo Porto (PMDB) [Brazilian Democratic Movement Party] for the Senate, Marcelo Siqueira (PSDB) [Brazilian Social Democracy Party] for federal deputy, and Jose Maria Barros (PSDB) for state deputy.

### PSDB Candidate Cardoso Votes

*PY0310161794 Sao Paulo AGENCIA ESTADO in Portuguese 1535 GMT 3 Oct 94*

[FBIS Translated Text] Sao Paulo, 3 Oct (AE)—PSDB [Brazilian Social Democracy Party] candidate Fernando Henrique Cardoso cast his vote shortly after noon at the Alberto Levi School, in Southern Sao Paulo. Senator Cardoso was accompanied by a group of journalists. They caused a great commotion near the balloting station. Always smiling, Cardoso posed for the media. He exhibited his balloting slip—always closed—and almost left it on the table had it not been for a balloting station official.

### Cardoso To Wait for Vote Count To Claim Victory

*PY0410014094 Sao Paulo AGENCIA ESTADO in Portuguese 2203 GMT 3 Oct 94*

[By Ricardo Amaral and Marcio de Morais]

[FBIS Translated Text] Brasilia, 3 Oct (AE)—At 1700 today, as polling stations were closing in most Brazilian cities, the electoral committee of Fernando Henrique Cardoso (PSDB) [Brazilian Social Democracy Party] received projections about a Cardoso victory by more than 5 million votes (7 percent) over all of his opponents. Advisers have confirmed that Cardoso will not ask his PT [Workers Party] opponents to take part in his government, but hopes to keep the channels of communication open with the opposition. He hopes that this will be done in "a civilized way." According to these advisers, Cardoso plans to delay as much as possible the appointment of his ministers so that he would not compete with the final leg of the government of President Itamar Franco, to whom he is grateful for support extended during the campaign.

Shortly after 1700, PSDB Secretary General Sergio Motta said: "We have very good, excellent news." The PSDB exit poll shows that Lula's candidacy has grown exceptionally in Brasilia (a small electoral district) and in the south, all which will have an impact on state elections. Instead, Lula's rise in these districts may have been offset by a higher performance by Cardoso in northeastern states and in Minas Gerais State, in addition to confirming Cardoso's victory in Sao Paulo State. These polls also indicate that PRONA's [Party for the Redefinition of National Order] Eneas Carneiro has obtained fewer votes than anticipated, and that Cardoso has obtained the votes of undecided voters.

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Because of his "traumatic experience of 1985," when Cardoso led the opinion polls but lost the election for the position of mayor of Sao Paulo, Cardoso has decided to speak as president-elect only when the projections of results issued by regional electoral courts confirm his victory. He is expected to give a news conference as soon as nationwide results provide a clearer picture of the situation. Until then, Cardoso prefers keeping "a very low profile." He is receiving telephone reports on exit polls and projections made in Brasilia by his adviser Antonio Lavareda.

The political priority of the virtual president-elect is to support the final phase of President Itamar Franco's administration. In so doing, he would achieve two objectives: To lay the groundwork for his administration (through the approval of projects such as the Law on Concessions, which would make privatization easier) and avoid reaching 1 January, his inauguration date, with the disadvantages of someone who has "already in fact governed" for three months. To avoid these disadvantage, Cardoso should also stay away from the runoff electoral dispute in the states. He would only make an exception in the case of Sao Paulo State, if a runoff takes place there between PSDB gubernatorial candidate Mario Covas and PDT [Democratic Labor Party] candidate Francisco Rossi.

Covas gave significant backing to Cardoso for the launching of his candidacy. Cardoso also has excellent relations with Antonio Britto, the PMDB [Brazilian Democratic Movement Party] gubernatorial candidate in Rio Grande do Sul State. Yet, advisers have urged Cardoso not to get involved in a runoff election in Rio Grande do Sul. These advisers claim that a direct involvement by the president-elect in the Rio Grande do Sul gubernatorial runoff would seem like political revenge that would be detrimental in the forming of Cardoso's government.

In line with his decision not to compete with President Franco, Cardoso is considering the possibility of refraining from making trips abroad before his inauguration. Supporting the idea of Cardoso staying in Brazil is the notion that he is a senator and sociologist who is well-known abroad. Regarding PT participation in his government or the formation of a superparty on the basis of the PSDB, Cardoso told advisers in recent days that he does not intend to lead a government of fronts or pacts, but to strengthen the individuality of each party, negotiating with each political force the implementation of reforms he considers to be necessary. Cardoso is still studying President Franco's offer for him to preside over a group that will oversee the transition period between this and the next government.

### Ibope Executive Proclaims Cardoso New President

*PY0410054294 Rio de Janeiro Rede Globo Television in Portuguese 0130 GMT 4 Oct 94*

[Interview with Carlos Augusto Montenegro, executive director of the Brazilian Public Opinion and Statistics Institute, Ibope, by journalists Joelmir Beting and Alexandre Garcia at the Rede Globo studios in Rio de Janeiro—live]

[FBIS Translated Excerpt] [passage omitted]

[Beting] Regarding the case of Sao Paulo, Brazilian Social Democracy Party, PSDB, candidate Mario Covas has steadily dropped in the polls. In the poll released on 2 October, Covas had between 42 and 43 percent. Has the technical tie between Covas and all other opponents surprised Ibope?

[Montenegro] Look, I believe that of three southeastern states, the most surprising case was that of Minas Gerais. The technical tie in Sao Paulo was already expected in light of Covas' gradual drop and the gradual rise of his opponents. It is difficult to say today whether there will be a runoff in Sao Paulo. The result in Rio de Janeiro State was fully expected. We have been giving the three point margin for quite a while. The surprise indeed occurred in Minas Gerais State, especially in terms of the abstention rate and the number of blank and voided ballots. Many voters in Minas Gerais State voted only for the president of the Republic and left the other candidates blank. [passage omitted]

[Garcia] It appears that there have been two major surprises: Sao Paulo and Minas Gerais. It seems, however, that the Ibope presidential poll is more reliable in light of the large number of voters who were polled. In the previous presidential election, 2,000 voters were polled; in this election, 52,300 voters were polled. What does this mean in terms of the reduction of the margin of error?

[Montenegro] Look, that means that the margin of error is down to approximately 1.3 percent. We polled a large number of voters because we also had to make predictions in several states. I believe that the outcome of the exit poll is identical to the survey disseminated yesterday by Rede Globo during the "Fantastico" program, for which we polled only 3,000 voters.

[Garcia] Thus, Cardoso's 7-percent lead over all the other candidates may oscillate between a minimum of 5.5 percent and maximum of 8.5 percent.

[Montenegro] Exactly. That is why we may flatly state that Senator Fernando Henrique Cardoso is the new president of the Republic of Brazil.

### Paraguay's Wasmosy, Uruguay's Lacalle Congratulate Cardoso

*PY0510024994 Madrid EFE in Spanish 0126 GMT 5 Oct 94*

[FBIS Translated Text] Rio de Janeiro, 4 Oct (EFE)—Fernando Henrique Cardoso, the Brazilian Social Democracy Party [PSDB] senator who is virtually the Brazilian president-elect, today received a congratulatory letter from Paraguayan President Juan Carlos Wasmosy and a congratulatory phone call from Uruguayan President Luis Alberto Lacalle.

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In the letter, received today at the PSDB central committee office in Sao Paulo, Wasmosy—who deems Cardoso's election certain—says: "This is to congratulate you on your electoral victory and on the exemplary behavior of the brotherly Brazilian people."

After 6.2 percent of the votes cast during the 3 October general elections were scrutinized, Cardoso obtained 54.1 percent of all the votes and can thus be virtually considered the Brazilian president-elect because he has obtained more votes than all other candidates together.

Senator Cardoso, the 64-year-old former finance minister, ran in the elections as the PSDB presidential candidate. He is currently staying at an undisclosed location and has revealed, through his advisers, that he will only comment on his victory when the vote scrutiny is over.

In addition to the presidents of Paraguay and Uruguay, which are Brazilian partners together with Argentina in the Common Market of the South [Mercosur], Cardoso has also received telephone calls from the manager of the Inter-American Development Bank, Uruguayan Enrique Iglesias, and IMF Director General Michel Camdessus.

### PT's Lula Reported Certain of Runoff Vote

*PY0410055894 Rio de Janeiro Rede Manchete Television in Portuguese 0345 GMT 4 Oct 94*

[FBIS Translated Text] Workers Party [PT] presidential candidate Luiz Inacio Lula da Silva is certain that there will be a runoff. He is concerned about the vote tally and plans to follow the vote count very closely with the help of active PT members.

After a great deal of expectation, PT candidate Lula da Silva came down to the lobby of the PT headquarters in Sao Paulo. He was about to make his first statement following the closing of the polls at 1700 local time.

[Begin recording] [Lula da Silva] I am convinced that there will be a runoff. I am convinced of this, and I want to call upon PT members to help closely scrutinize each vote cast in this country. Everyone, without any exception, must help scrutinize the votes because, among other things, the elections for state and federal deputies were very complex, and many people did not know whom they should vote for. Therefore, party observers should at all times keep an eye on the vote count in order to properly oversee the tally.

[Unidentified reporter] On what exit poll do you base your assertion that there will be a runoff?

[Lula da Silva] As far as I am concerned, today's elections are the real poll. What I mean is that once the citizens cast their votes, it is no longer a matter of whom they intended to vote for but rather whom they voted for.

[Reporter] Candidate Fernando Henrique Cardoso said today that if he were to win this first round, he was going to invite you to hold talks about the new administration. Would you be willing to participate in this administration if there were to be no runoff?

[Lula da Silva] Look here, I am not going to discuss anything until the vote count is completed. First we must count every vote that has been cast, and then we will make our decisions. [end recording]

### Cardoso Denies Link With Forged Ballot Slips

*PY0310143794 Sao Paulo AGENCIA ESTADO in Portuguese 1548 GMT 30 Sep 94*

[FBIS Translated Excerpt] Sao Paulo, 1 Oct (AE)—PSDB [Brazilian Social Democracy Party] candidate Fernando Henrique Cardoso left home at 0900 this morning for a 90-minute massage to ease the pain in his back which has been aggravated by the strain of the last days of his electoral campaign. As he left home, Cardoso denied his party is involved in the distribution of ballot slips with an erroneous distribution of the candidates. Cardoso said: "I haven't the slightest idea, I do not know who is responsible for this. It wasn't us, it was not ordered by me nor by the coalition. Either it is a plot or a mistake. If it is a mistake whoever is responsible must be punished."

At the end of his massage session, Cardoso addressed the issue again. He said the statement by Attorney General Aristides Junqueira who on 30 September said the distribution of ballot slips with an erroneous distribution of candidates could be used to hinder a future mandate. "I cannot believe Aristides Junqueira said this, because he is not a party member," said Cardoso. [passage omitted]

### Court Orders Seizure of Forged Ballot Slips

*PY0310150594 Sao Paulo AGENCIA ESTADO in Portuguese 2207 GMT 2 Oct 94*

[FBIS Translated Text] Sao Paulo, 2 Oct (AE)—The Sao Paulo TRE [Regional Electoral Court] today seized more than 5 tonnes of electoral propaganda material of the PSDB [Brazilian Social Democracy Party]. The seized ballot slips show the candidates of other parties in positions that differ from the official ballot slip. Two trucks took the material to the court this evening. The quantity of ballot slips at candidate Eder Jofre's electoral committee headquarters was so large that court officials had to close the office. There was not enough room for them at the TRE. The seizure came at the request of the Popular Front, which sponsors the candidacy of Luiz Inacio Lula da Silva (PT) [Workers Party]. Electoral Judge Celso Jose Pimentel granted the Front's request and ordered the search for the material and its seizure.

[Sao Paulo AGENCIA ESTADO in Portuguese at 1518 GMT on 1 October adds: "Federal policemen this morning seized more than 2 million forged ballot slips from electoral committees in Teresina. The slips had the names of candidates in positions that differ from the official ballot slip. The seizure was ordered by TRE

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Supervisor Fernando Negreiros, based on charges by Piaui Popular Front (PT-PSB and Unified Socialist Workers Party) lawyers who claim candidates of committees linked with Fernando Henrique Cardoso (PSDB) were releasing irregular ballot slips.

[The ballot slips, which carry the name of former Liberal Party candidate Flavio Rocha, show Lula in the fifth spot. On others, in which the PL and the National Reconstruction Party are not represented, the PT candidate appears in the third spot. The official ballot slip shows Lula in the fourth spot. The Liberal Front Party and PSDB committees refused to comment on the issue."]

### Lula Wants Court Action Against Fraud

*PY0310173794 Sao Paulo AGENCIA ESTADO in Portuguese 1431 GMT 3 Oct 94*

[FBIS Translated Text] Sao Bernardo do Campo, Sao Paulo, 3 Oct (AE)—PT [Workers Party] candidate Luiz Inacio Lula da Silva voted punctually at 1100 today, as scheduled, at the Joao Firmino Araujo High School in Sao Bernardo do Campo, Sao Paulo State.

Emphasizing his allegations, Lula said he hopes the Electoral Court will take measures against fraud. He said the courts already know who printed [the forged] ballot slips. He said they should be punished. Confirming that he believes there will be a runoff election and that he will eventually win the elections, Lula was joined by dozens of local and foreign journalists, which caused chaos.

Lula said: "An electoral process is the most splendid event in the world because the dynamics of a campaign is wonderful. I thank God for giving me the opportunity of participating in this process. I am asking God to illuminate the people's minds when they vote."

### TSE Supervisor Views Election Developments

*PY0310234594 Rio de Janeiro TVE Television in Portuguese 2200 GMT 3 Oct 94*

[Interview with Judge Jorge Flacquer Scartezzini, general supervisor of the Superior Electoral Court, TSE, by unidentified reporter; place not given—live]

[FBIS Translated Text] [Reporter] The large-scale general elections have refuted the prognoses made by the TSE. The regional electoral courts' fear that there would be long lines of voters at the polls after 1700 has not been confirmed. The voting process has already ended in several states; only in the states of Acre and Tocantins, among a few others, will the process continue until 2300.

Sitting here, next to me, is TSE General Supervisor Judge Flacquer Scartezzini. Have the elections been calmer than expected, Mr. Minister?

[Scartezzini] There is no doubt in this regard. According to reports that I have been receiving from all electoral supervisors in all Brazilian states, these elections must have been the calmest ever in the country. We have had the satisfaction of listening to a Federal Police report made in Minas Gerais to the TSE president and the local supervisor. The report stated that these have been the calmest elections the Minas Gerais Federal Police have ever witnessed since the establishment of the organization.

As a result, we are extremely happy to see that the people have indeed cast their votes in accordance with the rules established for these elections. In addition, there have been very few cases of last minute electoral campaigning at the polling places.

Now, it is not true that the TSE strongly feared what might happen during the electoral process, as some rumors stated. The TSE was just prudent and cautious regarding the elections in view of the complexity of the current elections. This is why we thought the process would continue for a long time. Anyway, we still have not heard from most of the states. So far, we have received news that the vote casting process has finished only in four or five states. I am waiting for the other states to report the end of these extremely calm elections: The end of the vote casting process will be reported by each state in the very near future. They will report the moment they close the ballot boxes. I believe that very soon these elections will have ended throughout Brazilian territory. I think that in about one hour I will be able to confirm that.

[Reporter] What measures is the TSE adopting to prevent fraud tomorrow? What instructions would you give the electoral court judges?

[Scartezzini] We are asking our colleagues who will head the vote counting committees, as well as the vote counters, to be very strict in complying with the rules established by the TSE for the vote counting process. We asked the vote counters, in particular, to immediately put a stamp on the blank and void ballots instead of waiting for the end of the vote counting to stamp them. The main problem we might have to face is failure to stamp a blank or void ballot, thus making it possible for this vote not to be included in the vote counting process. This is why we urge the vote counters to be extremely careful in this regard. We also urge the poll watchers to help us control the voting process. As we have had calm, legitimate, accurate elections, we also want the vote counting process to be the same.

### 'First' Political Death in Alagoas State Reported

*PY0310151294 Sao Paulo AGENCIA ESTADO in Portuguese 2100 GMT 2 Oct 94*

[FBIS Translated Excerpt] Maceio, 2 Oct (AE)—The "war situation" set up by the Army and the Federal Police to guarantee safety during the elections in Alagoas failed to prevent actions by two members of the Alagoas organized crime. Last night, 1 October, Araquim Rosendo dos Santos, 46, an adviser to State Deputy

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Fatima Cordeiro, a candidate for reelection for the PMDB [Brazilian Democratic Movement Party] was killed by two shots in the back and one in the back of his neck outside Cordeiro's headquarters in the Santo Eduardo housing complex in Jatiuca neighborhood. He is the first victim of political violence in Alagoas this year. [passage omitted]

The police have no clue as to who is responsible for this crime. Some 15 years ago Rosendo was charged with a murder in Tadeu Calheiros. He was acquitted. He was known as a restless person, a troublemaker. [passage omitted]

### Military Police 'Withdrawn' From Alagoas Streets

*PY0310152094 Sao Paulo AGENCIA ESTADO in Portuguese 1440 GMT 3 Oct 94*

[FBIS Translated Text] Brasilia, 3 Oct (AE)—Alagoas Governor Geraldo Bulhoes has withdrawn the military police from the streets [not further specified]. Superior Electoral Court [TSE] spokesman Irineu Tamanini said the Alagoas Regional Electoral Court president will try to convince the governor to order the police back on the streets. Tamanini said TSE President Sepulveda Pertence can, if required, send Army troops to Alagoas. He did not specify the punishment that the TSE can order against the Alagoas governor.

### PFL, PMDB Expected To Win Half of Senate Seats

*PY0510022194 Sao Paulo AGENCIA ESTADO in Portuguese 2215 GMT 4 Oct 94*

[By Mara Bergamaschi]

[FBIS Translated Text] The first ballot boxes opened today by the Superior Electoral Court (TSE) have confirmed the exit poll figures for the Senate. Poll projections show that practically half of the 54 Senate seats that are being disputed in this election will go to the PMDB [Brazilian Democratic Movement Party] and to the PFL [Liberal Front Party]. Although maintaining their status as leading blocs in the Senate, the PMDB and the PFL will have to deal with larger PT [Workers Party], PPS [People's Socialist Party], and PDT [Democratic Labor Party] blocs. The vote tally is also confirming that the PMDB will play a decisive role in Congress during the future administration of Fernando Henrique Cardoso.

The vote tally is also showing that some former governors did not have any problems in winning Senate seats. They are: PMDB candidates Iris Rezende (Goias State), Roberto Requiao (Parana State), Jader Barbalho (Paraiba State), and Ronaldo Cunha Lima (Paraiba State), and PFL candidates Antonio Carlos Magalhaes (Bahia State) and Vilson Kleinubing (Santa Catarina State), who are all ahead of their contenders for a Senate seat. Edison Lobao, (PFL-Maranhao State), who resigned as governor to seek a Senate seat, is among the candidates receiving the most votes.

Among veteran senators who are seeking reelection, the following may be reelected if the current projections are confirmed: Alexandre Costa (PFL-Maranhao State), Hugo Napoleao (PFL-Piaui State), Gerson Camata (PMDB-Espirito Santo State), and Jose Fogaca (PMDB-Rio Grande do Sul State). Other experienced politicians such as Francelino Pereira (PFL-Minas Gerais State) and Cacildo Maldaner (PMDB-Santa Catarina State) may return to active political life. Standing out among the rookies are Jose Roberto Arruda (Popular Party-Federal District) and Romeu Tuma (Liberal Party-Sao Paulo State).

The PSDB [Brazilian Social Democracy Party]—Fernando Henrique Cardoso's party—is taking for granted the election of Jose Serra in Sao Paulo, of Sergio Machado in Ceara, of Teotonio Vilela in Alagoas, of Jose Ignacio Ferreira in Espirito Santo, and of Artur da Tavola in Rio de Janeiro. According to poll projections, PSDB candidate Waldir Pires may—by a close margin—win the second Senate slot in Bahia State.

The projections also indicate that the PT is expected to win two seats: Lauro Campos for Brasilia and Benedita da Silva for Rio de Janeiro. Former PT deputy Virgilio Guimaraes is disputing the second Senate slot in Minas Gerais State with National Mobilization Party candidate Arlindo Porto. PDT candidate Lucio Alcantara is leading the Senate race in Ceara State and PPS candidate Roberto Freire is expected to win a seat for Pernambuco. The election of younger, more active politicians to the Senate is likely to make the Senate floor a more active debate forum.

### Cardoso on Future Government Program If Elected

*94SM0478A Rio de Janeiro O GLOBO in Portuguese 8 Sep 94 p 3*

[Unattributed article: "FH Will Make Development His Goal"]

[FBIS Translated Excerpt] Brasilia—In announcing his government program yesterday, the candidate of the PSDB/PFL/PTB [Brazilian Social Democracy Party/Liberal Front Party/Brazilian Labor Party] coalition, Senator Fernando Henrique Cardoso, said that if elected, some of the foreign exchange reserves will go to the Fund for Development Financing that he plans to set up in the very first month of his administration. The idea is to use $20 billion of the country's exchange reserves during his four-year term, i.e., $5 billion per year for imports of capital goods—machinery and equipment—to modernize Brazilian production facilities. This fund represents one-fifth of what the Fernando Henrique administration plans to invest. In four years, he wants to invest R$100 billion in infrastructure and restoration of the State, in order to promote development.

"We are going to use our reserves, which are prodigious, to obtain financing for modernization. The State is not

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drowning. The Brazilian State is no longer bankrupt. The efforts the Itamar administration made will now enable us to make the leap for development, and improve government service in order to serve the neediest population groups," Fernando Henrique said.

Keeping the foreign exchange reserves at a high level is currently considered one of the pillars of the economic plan. The administration predicts it will end the year with reserves of R$45 billion. According to economist Paulo Renato Souza, coordinator of Fernando Henrique's government program, it is precisely that initial effort by the Itamar government that will make it possible to use some of the reserves in 1995 without causing inflation.

"With R$45 billion in reserves, we can take out R$5 billion a year without causing inflation. Since our intention is to use it only to finance capital goods, i.e., machinery and equipment, it will not be necessary to print money. And there will be no inflation."

In his government program, Fernando Henrique mentions a series of projects that he plans to pursue with the R$100 billion. In the field of transportation, the program even includes the directives of the National Transportation Program (PNT), with its 42 highway reconstruction projects scattered throughout Brazil. In the areas of education and health, the program does not talk about numbers. It says that what is needed is a revolution from the administrative standpoint. During the speech in which he presented his program, Fernando Henrique specifically mentioned education.

"The future depends on gray matter. Today, the situation in Brazilian education is chaotic. It is concentrated, whereas in Japan education was considered a priority," [sentence as published] the *tucano* said.

After Paulo Renato said that anthropologist Ruth Cardoso, wife of the candidate; jurist Miguel Reale Junior, coordinator of the program for Sao Paulo; Prof. Vilmar Faria, of Cebrap [Brazilian Analysis and Planning Center]; and economist Eduardo Graef had compiled the program presented yesterday, Fernando Henrique made reference to charges by the PT [Workers Party] regarding use of the government's machine: "I would like the campaign to proceed on the basis of a discussion of platforms. Some of my opponents actually have good ideas. That is much more important than imagining that there's a machine helping someone, as has been said in recent days. I tell you: there really is a machine helping me; the price-stamping machine used in the supermarkets. Prices are dropping."

**Corporativism a Target**

In referring to the reform of the State in the speech launching his government program, Fernando Henrique Cardoso had harsh words for corporativism, in an indirect attack on the CUT [Sole Workers Center] and the PT. He said the State is ailing today as a result of two problems. The first is clientelism, i.e., the use of public funds for private gain. And the second is corporativism, which the *tucano* termed the greatest administrative malady today—the use of public funds within the State itself for purposes that have nothing to do with the public.

"Those ills (corporativism and clientelism) will have to be fought hard, and if elected, I will not be at all afraid to deal with them—either one of them. Talking about combating clientelism is easy because it is already dying out. But talking about corporativism is harder because it is alive and kicking. I am going to restore the State to the dimension of grandeur that is the public service," he said, in an indirect reference to the CUT's and PT's ties to unions and corporativist groups within the government.

Fernando Henrique also said that his plan to rehabilitate the State will not be carried out "at the cost of persecuting civil servants." He also criticized former President Collor's frequent remarks about "maharajahs."

"Our rehabilitation of government service will not be carried out at the cost of persecuting civil servants, nor will we say they are overpaid or are maharajahs, because they are not. Our aim will be to revitalize public service so it can attend to issues that concern the public, not corporative interests."

As for his administration's organizational chart, Fernando Henrique said it will be discussed later. At no point in his program does he say how many ministries he plans to have or whether he will cut back the number of positions of trust, a measure that jurist Miguel Reale Junior had suggested to O GLOBO would be part of the *tucano's* planned administrative reform.

**Reform of State to Guarantee the Plan**

In order to consolidate the expected economic stability under the Real Plan, Fernando Henrique's government program points to a reform of the State as an indispensable step. The candidate proposes a redefinition of the spheres of authority and responsibilities of the federal government, states, and municipalities, the establishment of partnerships between government and the private sector, Social Security reform, and reformulation of the privatization program.

Fernando Henrique says the Brazilian crisis is a crisis of the State, which has lost the capacity for investment and ceased to perform its essential functions, i.e., the promotion of justice, development, and welfare. Reform of the State, according to the candidate, is bound to strengthen it against "the pressures of political clientelism and the special interests of groups or corporativist entities."

The plan bolsters the role of the State as regulator of the economy and, to that end, proposes passage of the public utilities concessions bill—authored by Fernando Henrique and now wending its way through the Senate. It also proposes a strengthening of regulatory and oversight mechanisms.

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The *tucano's* privatization program calls for more flexibility in government petroleum and telecommunications monopolies. The federal government would be assigned the role of coordinating the technological development of those sectors. The plan maintains the State as producer of goods and services in "strategic areas" but calls for reforms in the administrative model of the state enterprises. Management contracts should be the model for the petroleum and telecommunications sectors.

Fernando Henrique does not submit a definitive proposal for fiscal and tax reform. But he criticizes the excessive number of fiscal rules and the constant changes in tax law, and advocates simplification of the system. Creation of private or public pension plans to supplement Social Security benefits was proposed; these would be financed by additional contributions. The plans would be aimed at workers whose salaries exceed the Social Security coverage ceiling.

**Program Calls for Investments of R$100 Billion**

Fernando Henrique's government program calls for spending R$100 billion on infrastructure investments. According to the program, this estimate is "conservative" but assumes the stabilization of the economy, with both the inflation rate and the government deficit under control, an opening up of the economy, and privatization. Those funds would be obtained from the following sources: the federal budget, privatization earnings, a Fund for Development Financing, domestic and international private funds, the international capital market, and loans from bilateral and multilateral lending agencies such as the IDB and World Bank.

Priority in allocating budget resources will be given to spending on social needs, as outlined in the Community Solidarity Program. The plan is to use R$15 billion on infrastructure investments over four years—R$5 billion a year starting in the second year of the new administration's term, after achieving a tax reform and a resumption of economic growth.

Sales of state enterprises under an accelerated privatization process could raise R$15 billion in resources over the four-year term, according to the program. Receipts from privatization will be used on infrastructure investments.

With economic stability, Fernando Henrique's team expects to be able to boost international reserves, now at R$40 billion. Some of those resources are to be used to establish a Fund for Development Financing, to be managed by the BNDES [National Bank for Economic and Social Development], that will finance imports of goods and services for the productive sector and the infrastructure projects. It is estimated that those funds will total R$20 billion during the four-year period.

Reform of the supplementary pension fund system, aimed at mobilizing domestic savings for long-term financing, is one of the goals of the program in regard to obtaining private funds. It is expected that about R$20 billion can be obtained in the next four years; this would be used in the areas of transportation, energy, and telecommunications. According to figures cited in the program, the assets of complementary pension funds now amount to about R$34 billion, but projections indicate this could reach R$90 billion by the year 2000.

About R$15 billion in foreign funds can be raised, according to the program, by floating bonds on the international market from the national treasury, the BNDES, and from private and state enterprises. Those resources would be invested in infrastructure.

**Infrastructure Projects Will Get R$75 Billion**

If elected, Fernando Henrique Cardoso intends to invest in infrastructure works, giving priority to projects already started. The program estimates that investments totalling R$75 billion can be made over four years: R$24 billion in transportation; R$25 billion in electricity; R$4 billion in natural gas; R$14 billion in petroleum, and R$18 billion in telecommunications. Spread out over four years, the total represents about 4 percent of GDP.

The guidelines of the *tucano* government program for telecommunications call for incentives to private investment. The State appears as regulator of the activity. Plans involve expanding both conventional and cellular telephone networks; connecting Brazil to the world fiber optics network; expansion of the public card-operated telephone system; expansion of telephone services in rural areas, and studies to determine the feasibility of implanting a network of low-orbiting satellites.

The national transportation program calls for restructuring the system. Special attention will be paid to investments in waterway and railway projects, like completion of the North-South Railroad. Another huge project is the building of new outlets to both the Pacific and Atlantic oceans, in cooperation with neighboring countries.

Goals for the energy sector include encouraging partnerships with private enterprise to launch new investments. The program also mentions incentives for ways to integrate the electrical systems in neighboring countries, mainly Argentina, Peru, Bolivia, Uruguay, and Venezuela. Exploration for and production of petroleum by Petrobras [Brazilian Petroleum Corporation] could involve private sector participation. [passage omitted]

**[Box p 3]**

**Ruth Cardoso Endorses Social Projects**

Anthropologist Ruth Cardoso, wife of candidate Fernando Henrique, is the one who signed the fifth chapter of the book, *Shoulders to the Wheel, Brazil*, and described the likely social course of action of a potential *tucano* government. One of the goals is a revamping of the milk program, established during the Sarney Government. The idea is to decentralize it and expand its

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coverage so that each needy family gets a liter of milk a day. This is one of the projects that would be financed with the R$4 billion earmarked for the Community Solidarity Program, the chief function of which is to mobilize the general public and government and private institutions to meet the needs of needy population groups.

Besides the Community Solidarity Program, considered as an emergency project, Ruth Cardoso suggests continuing actions to combat poverty and projects to serve minorities: children and adolescents, women, Blacks, Indians, the handicapped, and the elderly. There is also a section devoted to the environment and another to culture. Finally, the chapter ends with suggestions for sports.

Specific suggestions were developed for each minority. In the case of women's health, something new: making HIV testing routine in hospital and ambulatory care. Against racism, another innovation: the introduction of an ombudsman [preceding word in English], a public official responsible for collecting all complaints of discrimination. There is also a proposal for revising school textbooks so as to emphasize the history and the struggle of the Afro-Brazilian people in the building of this country.

### Defines Profile of New Cabinet

*94SM0476A Sao Paulo VEJA in Portuguese 31 Aug 94 p 41*

[Article: "Selection of Ministers"; introductory paragraph in italics as published]

[FBIS Translated Text] *Lulled by the polls, Fernando Henrique Cardoso has already defined his governing team's profile and is considering possible ministers.*

With over 40 percent supporting him in the polls and a real chance of settling accounts in the first round of balloting on 3 October, candidate Fernando Henrique Cardoso has been working on plans for putting his cabinet together. He has not sounded anyone out, but he has already defined his team's profile. He wants 22 people like Jatene, beginning with cardiologist Adib Jatene himself, who was minister of health in the Fernando Collor administration and likes to wield power. Besides his own PSDB [Brazilian Social Democracy Party], the only party in a position to vie for space on the candidate's team is the PFL [Liberal Front Party]. And of the PFL crop, the first person to be invited will probably be Deputy Luis Eduardo Magalhaes. "He has grown a lot in my esteem, and if he does not become a minister, the only reason will be that he does not want to," Fernando Henrique likes to say. If, instead of joining the administration, Luis Eduardo wants to run for speaker of the Chamber of Deputies, he will have Fernando Henrique's support.

Two other PFL members are on FHC's [Fernando Henrique Cardoso's] list: Reinhold Stephanes, who was Collor's minister of social security, and Gustavo Krause, his own predecessor in the Ministry of Finance. Both men have the support of his wife, Ruth Cardoso, but before being given a ministry, they will have to have the blessing of the PFL's bosses. Stephanes is considered competent by nine out of 10 politicians in Brasilia. He is short on chatter and long on action. He left the Ministry of Social Security in good shape for Antonio Britto, his successor, who was very popular with the country's old folks. The only problem is that if Jatene accepts, there will be two former Collor ministers in the new administration. Gustavo Krause is popular for no reason. In the ministerial equation, FHC would presumably have to make some kind of offer to Rubens Ricupero, who by appearing on television so often has hitched a ride on the popularity of the real. Like the economic team, Fernando Henrique does not want to see the "monk" stay on in the Ministry of Finance. To please Itamar, his sponsor in the race, Fernando Henrique will have to offer a ministerial post of some kind to one of the luminaries of the "Republic of Juiz de Fora." Tasso Jereissati and Mario Covas, if they win their gubernatorial races in Ceara and Sao Paulo, will probably also nominate people for the cabinet. Tasso's natural nominee will be Ceara's current governor, Ciro Gomes, but Gomes is sticking to his plan to live in the United States for a while.

Dangerous list: Of those in his own party, Fernando Henrique already knows at least whom he does not want. His friend and partner Sergio Motta will not occupy a first-echelon post. At most, he may be appointed president of some average-sized government-owned firm. Perhaps it would be better not to take over any government-owned firm, since his own company works for them. FHC's adviser Paulo Renato Souza, who writes his speeches and draws up the proposals for government, is not likely to be among the top stars, but he may nab the presidency of the BNDES [National Bank for Economic and Social Development]. The ambassador in Washington, Paulo Tarso Flecha de Lima, has little chance of being named minister of foreign affairs. There is opposition in the Ministry of Foreign Affairs to Flecha de Lima, who has a successful career to his credit. Moreover, his wife Lucia's friendship with Princess Diana of Great Britain has been causing some embarrassment. No one will admit it, but that has been causing more jealousy than anything else has. After all, Brazilian diplomats do not ordinarily keep company with princesses. They are not able to. Concerning Flecha de Lima, Fernando Henrique is convinced that someone from outside the diplomatic community will be more effective in uniting our foreign policy troops.

Fernando Henrique intends to reestablish coordinating offices for advising the Office of the President of the Republic like those that existed during Ernesto Geisel's administration. He wants to establish four coordinating offices: for economic affairs, social affairs, political affairs, and foreign relations. Having learned his lesson from the time when he sat down in the mayor's chair in

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Sao Paulo on the eve of the 1985 elections and then ended up losing to Janio Quadros, Fernando Henrique has even forbidden his advisers to comment on the government team. He has been telling jobseekers that appearing on a "list of possible ministers" may even have the opposite effect. "You may get burned," he says. He has already warned Pedro Malan, president of the Central Bank; Edmar Bacha, special adviser to the Ministry of Finance; and Gustavo Franco, manager of the Central Bank.

Although he will not say so, the PSDB candidate feels that he has a chance of winning the election in the first round. He sees no chance of a sudden change in the current situation unless something happens to make his artillery—the real—explode. Last week he held informal talks with members of the economic team and left with the impression that the real is not in danger, at least not between now and the election. According to the candidate's calculations, a victory in the first round would be a dream scenario. It would give him more time to select the goals he intends to pursue in the administration. He would also gain time for choosing the members of his team. The most important point, however, now that his electoral boat is taking on more and more supporters, is that a victory on 3 October would avoid the politico-electoral bargaining that always precedes a second round. Because in that bargaining phase, the list of allies grows, but so do the demands for a payback.

### Nine of 11 Refineries 'Paralyzed' by Oil Workers Strike

*PY0410181294 Rio de Janeiro Rede Globo Television in Portuguese 1600 GMT 4 Oct 94*

[FBIS Translated Text] The oil workers strike is in its eighth day today. Nine of the 11 oil refineries in Brazil are paralyzed. The Superior Labor Court, TST, which labeled the strike abusive, has ordered that at least 30 percent of the activities of oil refineries be resumed.

Oil workers from the Paulinia and Cubatao oil refineries in Sao Paulo this morning held an assembly and decided to continue the strike.

### Franco Reports Drop in Fuel Price, Views Oil Strike

*PY0510105194 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 4 Oct 94*

[Report by Rosalina Couto from Juiz de Fora, Minas Gerais State]

[FBIS Translated Text] Beginning at 0000 tonight, fuel prices will go down. President Itamar Franco announced this decision today in Juiz de Fora. The price of cooking gas had the largest decrease—4 percent. The price of gasoline, fuel alcohol, and fuel oil will go down 2 percent. The price of diesel oil, however, will not go down because President Franco realized that the decrease would not be reflected in the price of bus fares. President Franco said this unprecedented measure has only become possible because the inflation rate has gone down:

[Begin Franco recording] What is important to me is that this is the first time the government does not announce an increase in fuel prices but their reduction. What the government commonly did, even after electoral processes, was to announce increases in prices. If we still had inflation rates as high as 40-45 percent, we would be increasing the price of these oil byproducts by 40-45 percent monthly. Last month, however, we had an inflation rate lower than 2 percent and this has had a considerable effect on prices. [end recording]

President Franco also said that he received a phone call from Sole Workers Center President Vicentinho, asking for a meeting to discuss the oil workers' strike. The meeting was scheduled for 1100 [1400 GMT] tomorrow, here in Juiz de Fora. Labor Minister Marcelo Pimentel and Finance Minister Ciro Gomes will also attend the meeting. President Itamar Franco has instructed the Brazilian Petroleum Corporation board to suspend dismissal of the striking oil workers for 24 hours because he believes the government and the workers will reach an agreement during tomorrow's meeting.

## Chile

### Frei Urges Unity in Government Coalition

*PY0510005894 Madrid EFE in Spanish 2317 GMT 3 Oct 94*

[FBIS Translated Text] Santiago, 3 Oct (EFE)—A change in the leadership of the Chilean Party for Democracy (PPD), the second electoral force within the ruling coalition [Coalition of Parties for Democracy—CPPD], was the pretext used today by Chilean President Eduardo Frei to make a new call for the unity of the coalition.

Deputy Jorge Schaulsohn, who is also president of the Chamber of Deputies, became the new PPD president, thus replacing Senator Jorge Bitar.

The presidential call was made after the first crisis of the Frei government, which has left the other great party of the coalition, the Socialist Party, in an "unhappy situation," as reported by its president, Camilo Escalona.

The PPD was organized at the end of 1988 by active members of the leftist parties such as the socialists, some centrists of the radical party, and even some rightists, but it has also received ex-communists, such as its current secretary general, Patricio Hales.

During the meeting, President Frei said the sixth anniversary of the plebiscite during which General Augusto Pinochet was defeated in his aspiration to rule for eight more years, will be recalled next Wednesday, 5 October. He added that said plebiscite opened the doors to

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democracy with the December 1989 elections and the change of government in March 1990.

Frei said that "no aspect with regard to the things that have happened from 1988 to date has been easy."

The PPD is the third Chilean party to change its board of directors over the past three months. Previously, Alejandro Foxley, former finance minister in Patricio Aylwin's government, was named president of the Christian Democratic Party, the main party of the coalition.

In August, Gladys Marin, the Communist Party of Chile secretary general, replaced Volodia Teitelboim as the party president.

### Deputy Schaulsohn Views Political Situation

*PY0410130894 Santiago ESTRATEGIA in Spanish 12 Sep 94 p 36, 37, 38*

[Interview with Deputy Jorge Schaulsohn, Parties for Democracy, PPD, president, by unidentified reporter at the Chamber of Deputies in Valparaiso; date not given]

[FBIS Translated Excerpt] [ESTRATEGIA] What is your opinion of the first six months of Eduardo Frei's administration?

[Schaulsohn] This administration must struggle against the legacy of the previous government. The challenges faced during Patricio Aylwin's administration were political: They included the organization of democratic institutions, facing the civilian-military problem, and reestablishing the political power.

The challenges facing this second coalition administration are economic and social. President Frei has tried to define this difference. It has not been easy. The coalition parties have not had sufficient consistency to support, or understand, the process of change currently sweeping Chilean society. The government has made some progress through Finance Minister Aninat's speech [to the nation on 29 August]. The PPD fully supports his initiative.

[ESTRATEGIA] Is the transition over?

[Schaulsohn] The transition as a political and historic event is over, but this does not mean we have no pending problems. Every government has its priorities and policy blueprints to answer the country's needs: Today we have economic and social needs.

[ESTRATEGIA] Is there a conflict between a vision of the future and another that looks to the past?

[Schaulsohn] The coalition must look to the future. We cannot reestablish the juridical and constitutional order that prevailed on 11 September 1973 [date of military coup]. It would not even be desirable because that order had defects which contributed to the loss of democracy. The problem is not to amend the 1980 Constitution and thus return to the 1925 Constitution, nor should we reform the political parties law to return to the previous one. Chilean society has changed and we only need to improve the Constitution to reflect our new reality.

We totally agree that some aspects must be changed, like the elimination of designated senators and the need to change the composition of the Constitutional Court and the National Security Council. We should also make it possible to change the commanders in chiefs of the Armed Forces and the security forces.

[ESTRATEGIA] Tell us about the current government political profile.

[Schaulsohn] The government is struggling with its profile at this time. It is betting on modernization. This implies updating the labor law, modernizing the state, and making decisions regarding the participation of private capital in the infrastructure of mines and public works. It is also necessary to define the state role in productive companies in order to privatize some of them. The state should be concerned with health and education.

[ESTRATEGIA] Does this explain the difficulties encountered by the political team?

[Schaulsohn] The difficulties within the political team are not serious and are mostly related with the lack of coordination between different coalition members. The system of government minister-ambassador does not work because secretaries of state are not the intermediaries of the political parties. Those officials must have the full trust of the president.

[ESTRATEGIA] Was it a political mistake to have incorporated all parties and all political ideologies into the cabinet?

[Schaulsohn] It was a conceptual error by all of us. We thought we could build government relations with political parties through political ministers, but that ended up eroding the government's independence. We must recover that independence. To put it graphically, the so-called Troika (comprising [Socialist Party of Chile, PS, leader German] Correa, [Christian Democratic Party, PDC, leader Genaro] Arriagada, and [Party for Democracy, PPD, leader Victor Manuel] Rebolledo) must be out of government palace, not inside it. The heads of political parties must establish links with the ministers the government chooses for the job, not the other way around. Political ministers implement the president's decisions.

[ESTRATEGIA] Do you share the impression that Minister Aninat's speech was a call to order, not just on priorities and government goals, but also on the political situation?

[Schaulsohn] It could be considered an order, and it will be so if coalition members have the political desire to support it.

[ESTRATEGIA] What happens to coalition parties that disagree with government decisions?

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[Schaulsohn] There is a very good ongoing debate precisely about this problem. Changes are needed in the coalition. We must confront problems. We must increase dialogue among ourselves, not pretending to agree on everything because we disagree about many things. If not, the government will suffer and the coalition will lose credibility. I asked PDC President Alejandro Foxley and PS President Camilo Escalona to meet with me, outside the government, to discuss matters pertaining to the coalition. Party heads only see each other when they attend the weekly meeting at La Moneda Palace. This is not good because we must anticipate problems.

[ESTRATEGIA] Are you proposing a new role for the political parties that participate in government decisions?

[Schaulsohn] More than a new role, political parties and the coalition must generate solid political agreements around government's political, social, and economic proposals. We must support government proposals after internal debates to clarify our position.

[ESTRATEGIA] What is the meaning of the controversy between the PPD, a party that proposes more emphasis on social economic aspects, and the PDC and the PS which think social economic and political institutional aspects are just as important?

[Schaulsohn] It is a very relevant discussion because it is linked with our political position within the government.

[ESTRATEGIA] Could recent difficulties within the coalition show members are on a collision course and there will be problems in the near future?

[Schaulsohn] No. The coalition is a solid alliance with the ability to find agreements. The coalition has decomposed somewhat lately because of the reluctance of some members to discuss among themselves. That must change. For example, we cannot postpone the definition of a policy on private investments in the copper mining industry. Everybody knows there is a debate in the government and the coalition about the issue.

[ESTRATEGIA] What is your position on this issue?

[Schaulsohn] New mining projects need private investments.

[ESTRATEGIA] Like the Radomiro Tomic [copper mining project]?

[Schaulsohn] Maybe, but that is one of the things we have to determine, like what is going to happen with the Tocopilla plant. It is not possible for Codelco's [Copper Corporation] new projects vice president to say yes to the privatization of the Tocopilla plant, and for mining under secretary to say no, because that is a personal opinion of the former. Those are ambiguous signs that damage the private sector and the government image, and about which the coalition does not have a clear position. We spoke with [PDC Chairman Alejandro] Foxley and reached the conclusion that it is a problem of inflexibility and not of discipline, more or less, not of phrases or slogans. It is a matter of sitting down to discuss controversial matters, and making decisions.

[ESTRATEGIA] Should the government or the president not make these decisions?

[Schaulsohn] It has to do with the government, but also with the PPD.

[ESTRATEGIA] Is the PPD aware that such situations affect the image of the government and of the presidential institution?

[Schaulsohn] I do not see the relationship, but the coalition must realize and understand that the country has changed much more than the politicians. The people are truly in another position and want the country to grow with better salaries, more employment opportunities, a better social security plan, and a good health and education system. Those are the challenges the government and the coalition face. The possibility of maintaining our situation as a majority alliance depends on our capacity to respond to those challenges.

[ESTRATEGIA] Does this disagreement mean the parties are beginning to lose relevance, considering the importance of the civilian society and the private sector in the management of government policies?

[Schaulsohn] There is something to that. Curious things happen because politicians speak their own language, but the great decisions related to development of the economy and of society are in the hands of others. [passage omitted]

[ESTRATEGIA] How should the government act over the social organizations?

[Schaulsohn] I want to highlight this point because it appears to be very harmful. It is impossible to discipline congressmen if union movement leaders are the main detractors of the government policies, while at the same time they are active PPD members. The Aninat plan cannot expect strong support if [United Labor Federation, CUT President] Manuel Bustos is its main critic. In Congress we cannot expect strong support for the education policies if [teachers union leader] Osvaldo Verdugo insists on being the main critic of the Education Ministry. The government and the parties of the coalition must be aware of all this.

A few days ago an education bill was to have been voted on in Congress and all the ministers were looking for the support of the PPD. However, when I went to the Senate I saw—through the window—Verdugo with a megaphone in his hand, shouting slogans against the Education Ministry. There is no way to act consistently if union leaders are the main detractors of the government. This is a profound political problem for the government, for the coalition, and for the parties to which the leaders belong.

[ESTRATEGIA] Who must instill order then?

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[Schaulsohn] This is something I have clearly proposed to PDC Chairman Alejandro Foxley. President Frei cannot be blamed because the parties are exclusively responsible for their leaders and active members. These leaders are not just followers, they are active members and belong to the parties' power groups. I think this must be understood very well. [passage omitted]

[ESTRATEGIA] Although the coalition represents the political basis, the government—following the policy of consensus—rules with the center-right. Could a future broad alliance be informally structured so as to integrate all parties?

[Schaulsohn] I would put it differently. Currently—and we must understand that this change has also taken place in Chile—it is absolutely obsolete to try to analyze and define all situations through the prism of confrontation between government and opposition, or between right and left. Some subjects go beyond party borders, such as the new liberties, the protection of the environment, equality between men and women. A liberated mind can sometimes find greater response in an opposition party than in the party of its own sector, and vice versa. We must understand that agreeing with a political adversary does not mean desertion from a political position.

Second, a country that wants to grow and achieve greater equality must be capable of seeking agreements with the adversary. Transition was achieved in this manner and for this reason we have democracy. The PPD is not a party that seeks confrontation for the sake of confrontation, nor are we looking for conflicts with the right on each corner to show our political profile. We want a team that seeks great agreements for the benefit of the fatherland.

### Economy Minister: Country Gateway for Asian Access

*PY0510011494 Madrid EFE in Spanish 2350 GMT 3 Oct 94*

[FBIS Translated Text] Santiago, 3 Oct (EFE)—Chilean Economy Minister Alvaro Garcia said today, 3 October, that with an adequate strategy Chile can become the main gateway for the entry of Asian countries into Latin America.

The minister participated in a seminar called "Asia Pacific: the Strategic Region for International Deals," which began today in Santiago and which was organized by the Foreign Ministry, the University of Chile, and the New Zealand "Carter Holt Harvey" [preceding name in English] economic group.

The seminar seeks to analyze the future inclusion of Chile in the Asia Pacific Economic Cooperation (APEC), an organization into which this country will be fully incorporated with full rights as of November 1994 during the summit that will be held in Djakarta, Indonesia.

Garcia said that Chile could become "the Singapore of Latin America" and can surely become "the Asian dealer in the region."

The economy minister proposed a special strategy to achieve these objectives which must seek "to maintain the level of confidence the Chilean economy has generated," and to strengthen the trade agreements in Latin America to offer more attractive markets.

He also proposed expanding the capacity for financial and infrastructure services; tightening ties to open new markets in Asia, basically through the installation of companies; and conducting active promotion campaigns to attract Asian investments to Chile.

Present at the seminar, which will go on until tomorrow, 4 October, are Jusuf Wanandi, president of the Indonesian Committee for Cooperation in the Pacific; officials from the Foreign Ministry and from the economic area; and local businessmen.

## Colombia

### Authorities Seize Cocaine in Mailbag With U.S. Embassy Seal

*PA0410162894 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 4 Oct 94*

[From the "24 Hours Newscast"]

[FBIS Translated Text] The "24 Hours" newscast has confirmed through government sources that authorities confiscated a mailbag with U.S. Embassy seals that contained 40 kg of cocaine at Eldorado airport. Embassy personnel have denied the mailbag belongs to the embassy.

[Begin reporter Alvaro Ayala recording] Authorities seized 40 kg of cocaine at Santa Fe de Bogota's Eldorado airport in a mailbag bearing seals of the U.S. Embassy in Colombia. The bag was being sent through that country's postal service. The drug was seized with the help of a prisoner who, through the program of cooperation with justice, informed the Prosecutor's Office that this means of diplomatic communications was being used to transport drugs. When the Prosecutor's Office intercepted the cocaine, embassy personnel denied the mailbag was one of theirs. At this time, the prosecutors conducting the investigation are trying to verify whether the U.S. seals and the mailbag are fake or if unscrupulous U.S. personnel collaborated with drug gangs. No one has been arrested so far. [end recording]

The "24 Hours Newscast" has also confirmed from sources at the Prosecutor's Office that the information that led to the discovery of the mailbag was supplied by a prisoner who was negotiating his sentence. The prisoner said the cocaine arrived from Cucuta and was in the Embassy's diplomatic mail. That is how it was confiscated. The U.S. officials stated that the mailbag is similar

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to but does not belong to the embassy. Nevertheless, the preliminary phase of the investigative process continues.

### Defense Minister Reprimands Generals for Newspaper Remarks

*PA0410161594 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 4 Oct 94*

[From the "24 Hours Newscast"]

[FBIS Translated Text] In an unprecedented action in the country's military history, Defense Minister Fernando Botero Zea today strongly r[illegible]imanded two generals of the Republic: General Ma[illegible]l Jose Bonett and Gen. Juan Salcedo Lora. The generals had made statements to EL TIEMPO defending the military code of laws [fuero militar] and described the guerrillas as assassins.

The defense minister strongly reprimanded Gen. Juan Salcedo Lora, inspector general of the Army, and Gen. Manuel Jose Bonett Locarno, commander of the 2d Division, for making remarks to EL TIEMPO in which they defended the military code of laws. Gen. Bonett told the newspaper that the guerrillas do not worry about human rights because they are the main assassins and violators of those rights in the country. Salcedo said that due obedience and the military code are the bases of the military structure. In the newspaper article, Bonett said the subversives have been able to make their influence felt in the United Nations, the OAS, the U.S. Congress, and nongovernmental organizations.

Minister Botero Zea reacted to the remarks in a letter which states: In my opinion, the tone and language you have used in no way contributes to creating an atmosphere conducive to reconciliation among Colombians. Further on he adds: I wish to reiterate to you that the Samper administration will not in any way or context allow the military sector to publicly express opinions about the national government's basic guidelines.

### Commander Reacts to Reprimand

*PA0410161794 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 4 Oct 94*

[From the "24 Hours Newscast"]

[FBIS Translated Text] Here is reaction to the defense minister's reprimand of two generals:

[Begin recording] [General Ramon Emilio Gil, commander of the Military Forces] I think this is something that falls outside their sphere, but it is not an act of insubordination or something that, as you say, makes them liable to be asked to retire.

[First unidentified reporter] General, when this happens, is there some type of punishment for them?

[Second unidentified reporter] Will they be punished?

[Gil] [Words indistinct] [end recording]

### Operation Margarita II Disrupts Cartel Financial Networks

*PA0510020394 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 4 Oct 94*

[Report by Marta Rojas; from the "24 Hours Newscast"]

[FBIS Translated Text] The Narcotics Police have disrupted the financial networks of various organizations that are involved in drug trafficking to the United States and Europe. During so-called Operation Margarita II, 400 special commandos were supported by DEA and German police agents.

Operation Margarita II was planned for six months and involved three fronts in the central, western, and northern part of the country. Seven departments were included: Valle del Cauca; Cundinamarca; Antioquia; Cordoba; Bolivar; Atlantico; and Guajira. Raids were conducted in nine cities during the operation: Cali; Tulua; Santa Fe de Bogota; Medellin; Monteria; Cartagena; Barranquilla; and Maicao.

The simultaneous operations involved the participation of 20 district attorneys, 10 public prosecutors, Search Bloc members, DEA agents, and German instructors:

[Begin Narcotics Director Colonel Leonardo Gallego recording] The participation involves only the supply of information in the intelligence process carried out for three or four months. They have simply provided information gathered in Europe, particularly in German territory. [end recording]

Operation Margarita II, which is also being simultaneously carried out in Europe and the United States, is aimed at disrupting the financial structure of the cartels operating in Cali, Santa Fe de Bogota, the Coast, and Antioquia.

The seized accounting books include records on consignments in excess of 200 million pesos that were sent daily to a jewelry store in Maicao. International bank transfers from Citibank and the Atlantic Bank have also been detected. The transactions fluctuate between $9,000 and $205,000.

Special UK forces also participated in the same operation. Moreover, we have learned about the contents of one of the diskettes the police have found during Operation Margarita II. It includes a list of individuals and enterprises that are being investigated for their alleged ties with the drug traffickers.

Operation Margarita II, which is being carried out by combined forces throughout the country, includes the investigation of Crystal Art Gallery; Agrarian Enterprise, Ltd. in Cartagena; the Intel Group of Cartagena; and Edicol, Ltd., in Cali, as well as Monica Lopez de Ocampo in Medellin.

The documented investigation began with the seizure of many diskettes and the accounting records of Agrarian

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Enterprise, Ltd., in Cartagena. The investigation also includes large transactions carried out by a jewelry store in Maicao.

### Generals Speak Out About Exemptions, Human Rights

*PA0410203994 Santa Fe de Bogota EL TIEMPO in Spanish 3 Oct 94 pp 1a, 14a*

[FBIS Translated Text] The generals have begun to publicly discuss the topic of human rights and the relationship between their violation and the military exemptions that protect members of the Armed Forces.

Two Army major generals took a stand on human rights in the first issue of the Army's official organ EN GUARDIA, which began circulating today. Their opinions are somewhat radical.

In an article entitled "In the End, What?... Do We Obey or Not?" Major General Juan Salcedo Lora, inspector general of the Army, referred to due obedience and military exemptions and their relationship to human rights. He said that these two principles are the basis of the military structure and that for the good of the country, they cannot be abolished.

"With astonishing ability and coincidence of internal and external efforts, draft bills, innovative theories, apocalyptical statements, multiple demands, forums, and seminars appear; a vast campaign that has a profound effect and is truly convincing. Many important people are duly convinced. Suspiciously convinced, perhaps," Salcedo says in the article.

As for the human right campaigns promoted abroad, Salcedo says in the article that these public accusations are notorious for being "attacks on the de jure state."

Salcedo said: "One feels the hurricane of disloyalty, not just against public force members but against the country itself, using international organizations as springboards to attack Colombia, its government, and its institutions."

The inspector general then asks himself: "What is really behind this? Why so much insistence on striking such solid and important structural pillars of the military institution as obeying orders and military exemptions?"

As far as Salcedo is concerned, the intention to demilitarize the Army lies at the bottom of the debate, and he proposes that if the intention is to end military exemptions, then all exemptions should be eliminated. He states: "If they want to apply the popular adage 'everyone in the bed or everyone on the floor,' one would have to say that 'everyone with exemptions or everyone without them.'"

And then he makes what seems to be a prediction: "It is no secret that if orders are not obeyed, the militia is over. Thus ending due obedience is the best and most direct euthanasia against the uncomfortable armed institution."

#### Human Rights

In an article entitled "Why Do We Put Up With So Much?" Major General Manuel Jose Bonett Locarno, commander of the Army 2d Division, referred to human rights in Colombia.

According to Bonett, the guerrillas "have managed to exert their influence in the United Nations, the OAS, the U.S. Congress, and in nongovernmental organizations."

The article by the high-ranking officer questions what he terms the guerrillas' true intentions with these allegations and says that "the guerrillas and their legal and illegal allies have no interest in human rights or whether the charges are investigated and violators punished. They are not concerned with human rights because they are the country's main violators and murderers."

The officer believes the guerrillas want to pile up complaints against the Army to make them appear "bad" to the world. These "are methods of revolutionary struggle that go no further than creating problems for the state, but they have no sense of ethics."

Bonett called attention to the soldiers and civilians who have had their human rights violated by the guerrillas. "We do not have defenders for our human rights. The injuries to our men and peasants who have fallen with their limbs blown off by mines do not generate scandals or accusations."

The article by the 2d Division commander ends with a call to military commanders not to allow their men to lower their guard in their struggle against crime.

## Ecuador

### President Appoints New Foreign Minister

*PA0410131994 Quito Voz de los Andes in Spanish 1145 GMT 4 Oct 94*

[From "The Voz Andes Newscast"]

[FBIS Translated Text] The Ecuadoran Government has designated Ambassador Galo Alberto Leoro Franco as new Ecuadoran foreign minister, replacing Diego Paredes. Galo Leoro is a career diplomat who, at the time that he was called by the president, was Ecuador's ambassador to the Vatican.

### Minister Cited on Trade Problems

*PA0510044094 Madrid EFE in Spanish 1841 GMT 1 Oct 94*

[FBIS Translated Text] Quito, 1 Oct (EFE)—Ecuador foresees a quick solution to trade problems with its Andean neighbors, Colombia and Peru, as well as the

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United States and the European Union (EU), said Jose Vicente Maldonado, industry, commerce, and integration minister, today.

The official stressed his optimism upon conclusion of the third meeting of the Andean-European Mixed Commission in Quito during which they also discussed bilateral trade issues with their Andean partners and the Andean countries' trade with the United States.

Likewise, he is optimistic that policies regarding the EU will be harmonized on a bilateral and multilateral basis so that it would revise its "rigid norms that are incompatible with world laws and realities, including free trade," and, specifically, annul its restrictions on banana and tuna sales.

Maldonado discussed with Colombia their differences over the quota system the EU has imposed on their banana imports, as well as the U.S. tariffs on their flower imports, in an effort to protect their floriculturists.

"Ecuador and Colombia have talked with the United States to 'monitor' the problem, but I am optimistic, because reason is on our side." There are absolutely no subsidies in our case, and we cannot be accused of "dumping" (sale prices below production costs), he added.

Maldonado revealed he has already given Washington evidence that denies alleged "dumping," so he predicted "that country will either run out of arguments or have to admit before the world that its real intention is to protect an inefficient sector of its economy."

Peter Romero, U.S. ambassador in Quito, has mentioned this issue and said "there is a possibility" the tariff on Ecuadoran flowers will be reduced between 50 and 30 percent, similar to the percentage imposed on Colombian floriculturists.

Maldonado also reported he will soon give Colombia evidence denying the presence of a poultry disease in Ecuador, the reason why its poultry products were banned from that market.

"The chicken hepatitis began in Peru, yet our country is the only one with restrictions in Colombia, but they will be lifted with the information," he said.

Peruvian Deputy Industries Minister Pablo de la Flor has said: "Statements regarding the origin of that disease are incorrect."

He added that an Ecuadoran delegation recently visited his country, and he hopes it will issue "a favorable technical report, because it could not be otherwise, since Peruvian fish meal meets the most strict quality controls," yet Ecuador still bans it from its market.

Referring to the negotiations to increase a bilateral trade agreement with Peru, Maldonado said Ecuador "is not satisfied" with a proposal from Lima to increase the list of products with a zero tariff, because it does not include agricultural products.

He added: "The counterproposal certainly is not satisfactory, because it includes no agricultural products even though the same conditions prevail in the two countries. Consequently, Peru must give in for the sake of its integration plans."

He said within this context, "Peru seemed inclined toward this end, and I trust we will reach an appropriate agreement to stabilize the trade balance and increase our trade."

The Peruvian deputy minister has mentioned this issue and said Lima "has stated its willingness to reach a mutually favorable agreement, (because) it does not involve a refusal to include agricultural products. Instead, the problem is a result of differences over tariff issues and the Peruvian reconversion process."

## Peru

### Fujimori's Wife Evicts Ruling Party From Headquarters

*PY0410031994 Madrid EFE in Spanish 1543 GMT 3 Oct 94*

[FBIS Translated Text] Lima, 3 Oct (EFE)—Change-90 [C-90], Peru's ruling party, has been evicted from its headquarters in Lima in line with instructions imparted by the owner of the property, Susana Higuchi. She has decided to establish in that same location the headquarters of her own political movement, Harmony 21st Century.

The eviction was confirmed on 2 October by the former first lady, who invited the press to the "reopening" of the building, "only this time as the Harmony 21st Century headquarters."

Higuchi stated: "We are not only recovering the C-90 headquarters, but also the grass roots of the C-90, those who believe that the principles on which the C-90 were founded, such as honesty, technology, and work, have been abandoned by the current administration."

She was thus alluding to the schism that the ruling party experienced last week, which resulted in the separation of seven party committees from seven departments, all of which rallied around Susana Higuchi's candidacy.

Moreveor, after denying a report stating that her candidacy is in line with a strategy drafted by her husband, Higuchi charged that the National Intelligence Service (SIN) is conducting a slander campaign against her.

She said: "I categorically deny that report. If anything, this is the SIN's responsibility because it is seeking to slander me."

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Higuchi reasserted her harsh criticisms of the Fujimori administration. This time around she questioned the administration's education policy, which she said "lacks any social sensitivity."

She said: "We cannot talk about educational development with undernourished children who attend modern school buildings where teachers are paid salaries barely allowing them to survive."

Alluding to a recent speech made by her husband in which he said that Peru is considered a Latin American economic "tiger," Susana Higuchi rejected the comparison and stated that according to official figures, in 27 provinces, tuberculosis levels among children is 70 pecent.

She added: "We must take into account that the so-called Asian 'tigers' prioritized education and nutrition."

### JNE President: Observers 'Unnecessary' for Elections

*PY0410112894 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1713 GMT 1 Oct 94*

[FBIS Translated Excerpt] Lima, 1 Oct (AFP)—National Election Board [JNE] President Ricardo Nugent said on 1 October that the presence of international observers to oversee the general elections scheduled for April 1995 is "unnecessary."

The JNE president, who is organizing the general elections, said: "I believe the presence of international observers is unnecessary because it would imply irregularities. Everyone knows we will fully enforce the law."

Nugent added, however, that if the government headed by President Alberto Fujimori or Congress issues invitations "they will be honored." He said the JNE "is not authorized to invite anyone."

He said that during the elections "international observers do not support anyone. They just come to observe and nothing more." [passage omitted]

### MRTA Leader Reported Negotiating Surrender

*PY0510033494 Madrid EFE in Spanish 1420 GMT 4 Oct 94*

[FBIS Translated Text] Lima, 4 Oct (EFE)—The newspaper EXPRESO reports today that Nestor Serpa Cartolini, aka "Evaristo," the current "number one" of the pro-Guevara Tupac Amaru Revolutionary Movement (MRTA), is negotiating his surrender with Peruvian officials.

According to EXPRESO, Serpa Cartolini has sent two representatives to negotiate in his favor because he is suffering from leishmaniasis and is without money in the Amazon jungle area in the Huallaga river region.

The representatives of Serpa Cartolini, who is in urgent need of medical attention, have been taken to Lima and made available to the National Counterterrorism Directorate (DINCOTE).

Serpa, who is 44 years old, replaced Victory Polay as MRTA head. Polay is in jail serving a life sentence.

The MRTA leader has already been jailed twice. He was released on both occasions, in 1980 and 1985, for "lack of evidence."

A number of kidnappings that were used to obtain funds to finance terrorist activities have been attributed to Serpa Cartolini.

### Finance Minister Comments on Cuban Embargo

*PY0510105394 Madrid EFE in Spanish 1800 GMT 4 Oct 94*

[FBIS Translated Text] Madrid, 4 Oct (EFE)—In comments he made to EFE, Peruvian Economics and Finance Minister Jorge Camet today asked the Cuban Government to restore "representative democracy and grant the broadest freedom at the national level to recover lost ground."

Camet added: "Like all Latin American countries, Peru hopes for a prompt Cuban reintegration into the community of nations."

Camet made these comments in Madrid, where he is attending the IMF and World Bank meeting.

He said: "Despite its disastrous economic situation, we must acknowledge Cuba's significant developments in education and health, which must not be lost."

Camet said that the Cuban issue was not raised during the IMF and World Bank sessions. Cuba is not a member of either of these organizations.

Camet added that Peru is firmly opposed to the U.S. embargo on Cuba and is making all possible efforts so that it will be lifted.

## Venezuela

### Financial Board Announces Bank Insolvency Probe

*PA0510035494 Caracas Union Radio Network in Spanish 2200 GMT 30 Sep 94*

[Report by Zayra Pereira; from the "Union Radio News" newscast]

[FBIS Translated Text] The Financial Emergency Board announced recently that an investigation has been launched as of today into the reasons behind the insolvency of Banco de Venezuela.

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The Financial Emergency Board approved a measure whereby it would request an investigation into the activities of all Banco de Venezuela officials in order to establish liabilities concerning the failure of the bank.

Having evaluated the bank's revised financial reports which indicate losses totaling 68.2 billion bolivares and comparing them to reports prepared by the previous board of directors, Norys Aguirre, president of the Deposit Guarantee and Banking Protection Fund [Fogade] announced she would request that the authorities, including the Prosecutor General's Office, analyze the reports so as to determine liabilities and penalties. The announcement was made during the recent Banco de Venezuela shareholders meeting that took place this past Friday.

[Begin Norys Aguirre recording, in progress] ...to demand the opening of an investigation into the performance of all parties, beginning with the consultative group all the way up to board of directors members, vice presidents, and even those officials whose names were not mentioned during the meeting. The objective of this investigation is to demand the rendering of accounts. How are we going to undertake this rendering of accounts? You all have learned that the Banking Superintendency at the national assembly has established a period for when a final report on each and every item that broached the bank's liquidity must be presented. [end recording]

The Banco de Venezuela shareholders meeting also approved that minority shareholders will have to make capital transfers amounting to 1,364.04 bolivares for each outstanding share in a 15-day period in order to recapitalize the bank. This transfer would amount to nearly 63 billion bolivares in patrimony assets, and the bank would put up 5 billion bolivares.

Should the minority shareholders decide not to replace capital assets, they stand to lose their respective share, because market value would fall to zero.

The minority shareholders protested during the general assembly the measure stipulating they were not responsible for the embezzlement, and they demanded justice.

Meanwhile, Jacques Vera was affirmed as chairman of the Banco de Venezuela Board of Directors.

### Roundup of Economic Developments

*PA0410224594*

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Venezuela monitored through 4 October.

A 27 September Caracas-datelined item cites a Central Bank of Venezuela (BCV) report indicating that Venezuela's gross domestic product dropped 2.7 percent over the first half of 1994 when compared to the same period a year earlier. During this period, accumulated inflation reached 29.4 percent and overall domestic demand dropped 8 percent. (Mexico City NOTIMEX in Spanish 2315 GMT 27 Sep 94)

According to the new privatization timetable submitted yesterday by the Venezuelan Investment Fund (FIV), the following state properties will be put up for auction during the remainder of 1994: Venezuelan Dairy Industry; the entire concession of racetracks in La Rinconada, Valencia, and Santa Rita; the ports in the central littoral region; the Moruco and Trujillo hotels; the Electric Power Company of Barquisimeto; and the Regional Development Bank of Coro. (Caracas ECONOMIA DE HOY in Spanish 27 Sep 94 p 3)

According to the new FIV privatization timetable, three regional financial institutions will be put up for sale. The sale of the Regional Development Bank of Coro, Banco Guayana, and the Regional Development Bank of the Andes will provide fresh money to the state to meet financial commitments. (Caracas Union Radio Network in Spanish 2200 GMT 2 Oct 94)

Alfredo Gruber, president of the Venezuelan Corporation of Guayana (CVG), says 11 international organizations have expressed their interest in participating in a strategic alliance with Caroni Aluminum, Inc.—one of the companies included in the privatization timetable proposed by the FIV. (Caracas EL NACIONAL in Spanish 28 Sep 94 p E-9)

The Central Statistics and Data Processing Office has reported that imports in August reached $594 million—a 15.5 percent drop compared to July. It said that from January to August, Venezuela's imports amounted to $5.350 billion, 31.3 percent lower than the same period last year. (Caracas EL NACIONAL in Spanish 1 Oct 94 p E-1)

The Exchange Administration Board yesterday approved that shipping freight and insurance costs, including international charges, be paid out in bolivares. Board members decided it will be up to intermediary agencies and not importers or exporters to request payments in foreign currency. (Caracas EL UNIVERSAL in Spanish 28 Sep 94 p 2-1)

An Argentine Government official has said that his country may be able to compensate for a drastic reduction in U.S. wheat exports to Venezuela. U.S. wheat exporters suspended or reduced their grain shipments to Venezuela because of exchange controls that stripped importers of foreign currency needed to pay for the wheat. Berend Roosen, president of the National Council of Commerce and Services, has said the secondary foreign exchange market has prevented a shortage of foreign currency in the country. (Caracas Union Radio Network in Spanish 2200 GMT 29 Sep 94)

Agriculture and Livestock Minister Ciro Anez Fonseca has said Venezuela will seek markets other than those of the United States to meet its demand for grains and

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other agricultural products in view of the "reprisals adopted by the U.S. suppliers of these products." The minister replied in calm but energetic terms to the U.S. grain exporters' announcement that they are suspending shipments to Venezuela because the currency exchange controls established by the Venezuelan Government have prevented local importers from paying their bills on time. The minister said he "regrets that temporary circumstances affecting the country are being used to take such drastic measures," adding that the U.S. exporters are the ones closing themselves off from a good market. (Caracas EL UNIVERSAL in Spanish 30 Sep 94 p 1-12)

In 1993, the commercial exchange between Venezuela and China amounted to $100 million, which could increase considering the good relations between the two countries. Sun Yanheng, China's ambassador to Venezuela, said several Chinese companies are interested in the Orimulsion [boiler fuel made from heavy oil comprising 70 percent bitumen and 30 percent water] generated by Venezuela, adding that his country sent a commission to Venezuela to negotiate the import of the product. (Caracas EL UNIVERSAL in Spanish 27 Sep 94 p 1-16)

The overall price of Venezuelan petroleum exports in September registered a drop when compared to August prices. At the end of September, the price was $12.90 a barrel while in August it registered $14.70. Nevertheless, in the last two weeks of September, the price showed a slight recovery, reaching $13.10 a barrel. (Caracas Union Radio Network in Spanish 2200 GMT 2 Oct 94)

A 27 September Caracas-datelined item says Venezuelan Petroleum Corporation (Corpoven), a subsidiary of Venezuelan Petroleum, and Arco International have signed a letter of intent to jointly develop an oil project by investing $3.5 billion. (Paris AFP in Spanish 0132 GMT 28 Sep 94)

Maraven, a subsidiary of Petroven, marketed more than 6,000 barrels a day of bunker oil in August at domestic ports assigned to the enterprise. Harold Hamana, general manager of the Internal Marketing Division, said this is an all-time high. (Caracas EL GLOBO in Spanish 2 Oct 94 p 13)

Canada is carrying out an aggressive policy of participation in gold prospecting and exploitation projects in Venezuela with immediate investments of about $400 million. Canadian companies are represented at some 30 booths at the Third International Symposium on Gold in Venezuela, which is being held in Caracas. (Caracas EL NACIONAL in Spanish 3 Oct 94 p E-1)

According to a 3 October Caracas-datelined report, there are between 10,000 and 12,000 metric tons of exploitable gold reserves in Venezuela. CVG President Alfredo Gruber said at the Third International Symposium on Gold in Venezuela that the country has the potential to increase gold production. Venezuela's main problem in developing this resource is the lack of capacity to do so alone, and, as a result, it is inviting national and foreign companies to participate in this activity. (Hamburg DPA in Spanish 2034 GMT 3 Oct 94)

A new gold mining complex called La Camorra has been opened in El Dorado District, Bolivar State. La Camorra is the first underground mine built by the private sector, and so far, it constitutes the largest foreign investment in the Venezuelan gold industry. Preliminary studies reveal that the mine will produce approximately 200 kg of gold per month and will generate 300 direct jobs and some 1,000 indirect jobs. (Caracas REPORTE DE LA ECONOMIA in Spanish 27 Sep 94 p 9)

According to a 29 September Caracas-datelined report, the World Bank has granted Venezuela a $110 million loan for the country's urban transportation program. Government spokesmen indicated the funds will be channeled through the National Urban Transportation Fund. (Mexico City NOTIMEX in Spanish 0809 GMT 30 Sep 94)

The BCV has decided to set a new ceiling for interest rates on savings accounts. The BCV has set a 25-point range between active and passive rates, thereby eliminating the 10-percent minimum banks were able to pay. As soon as this decision is published in the official gazette, the auction of zero coupon bonds will regulate the minimum for passive rates, as it does with the maximum for active rates. These yields will not be fixed, but they will vary on a weekly basis. (Caracas Venezolana de Television Network in Spanish 1600 GMT 29 Sep 94)

During a special Banco de Venezuela shareholders meeting, minority shareholders were told that if they want to continue being co-owners of the bank, they will have to pay 1,364.04 bolivares for each share they hold. Noris Aguirre, head of the Deposit Guarantee and Banking Protection Fund, approved the Venezuelan state's plan for the bank, including the establishment of a 15-day deadline for shareholders to replace the losses and increase the bank's capital. (Caracas EL NACIONAL in Spanish 1 Oct 94 p E-1)

The main shareholders of Banco Provincial are struggling to obtain control of the bank after it was announced in Paris that the Credit Lyonnais Bank will liquidate its 18 percent share in Banco Provincial. (Caracas Union Radio Network in Spanish 2200 GMT 2 Oct 94)

The Development Ministry and the Agriculture and Livestock Ministry have agreed on the producer and consumer prices of several products. Producers of corn, sorghum, coffee, and milk will receive price increases of from 5 bolivares to 110 bolivares. As a result, there will be increases of between 4 bolivares and 90 bolivares in consumer prices for flour, rice, milk products, and coffee. (Caracas REPORTE DE LA ECONOMIA in Spanish 30 Sep 94 p 16)

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